New Essays

VOLUME 3

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PAUL MATTICK
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Introduction

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INTERNATIONAL COUNCIL CORRESPONDENCE

∴ **Published at 1237 North California Avenue, Chicago, Illinois** ∴

By the Groups of Council Communists of America

The period of progressive capitalist development is historically closed. The decline period of capital, a permanent condition of crisis, compels to ever greater convulsions of economy, to new imperialistic and military conflicts, to ever increasing unemployment and to general and absolute impoverishment of the workers. Thus is given the objective situation for the communist revolution in the capitalist countries. For the working class, there is only the revolutionary way out, which leads to the communist society. No one can deprive the workers of this task, which must be carried out by the class itself.

The publishers of Council Correspondence see in the acting self-initiative of the workers and in the growth of their self-consciousness the essential advance of the labor movement. We therefore combat the leadership policy of the old labor movement, and call upon the workers to take their fate in their own hands, to set aside the capitalist mode of production and themselves to administer and direct production and distribution in accordance with social rules having universal validity. As a fighting slogan and statement of goal we propose:

All power to the workers' councils! The means of production in the hands of the Workers!

THE ERA OF GOOD FEELING

Roosevelt's Second Term

According to statements made by the Communist Party, the Roosevelt landslide was "a hard blow to reactionary forces moving toward fascism, and also a mandate to the toiling masses responsible for the landslide to press forward aggressively for their immediate economic and political demands." This conception is shared by the entire official labor movement and by liberalism. There is expected in the next few years a continuation of the class-conciliating policy, and the labor organizations are basing their own programs of action upon the restoration of the "New Deal". The Administration is ostensibly planning to revive the essential features of the N.R.A. by voluntary cooperation, and the continuance of its liberal policies. The coming prosperity is to include all the people, the purchasing power of the masses is to be further raised. The power of the Supreme Court, hitherto antagonistic to the plans of Roosevelt, is to be curbed, if necessary, either by an amendment to the Constitution, or thru an act of Congress appointing additional judges who are in favor of an "Era of Good Feeling."

The reform of capitalism will be effected by the government itself thru continuation of its program of social legislation. Nothing is left for the labor movement to do but follow the great leader and whisper an occasional suggestion. Unable and unwilling to operate against Capital, the entire legal labor movement renounces any program of its own and willingly reduces itself to a well-wishing and loyal capitalist opposition. The only question at issue any more is the maintenance of democracy at any price. The labor movement subscribes to a capitalism without reserve, not because it has grown more reactionary than it already was, but because nothing else is possible under capitalism if one wants to keep on living.

It is truly amusing to cast a glance into the immediate plans of the labor organizations: the "Realpolitiker" show themselves up as ridiculous illusionists. There is the C.P., for example, dreaming of a Farmer-Labor Party for 1940, in which it can quietly disappear. And this same dream occupies the brains of the other "labor" politicians within the Social Democracy and the trade unions. Fantasy goes so far as to suggest that John L. Lewis may still become President and in this quality bring the entire working population into line on an industrial basis. Already a beginning is being made at orientation and preparation for the new election battles. Everything is adjusted to the eternality of capitalist society, regardless of the fact that the world is unmistakably headed for a new imperialist slaughter by which all these political plans will be brought to a dismal end. People actually imagine that while in Europe fascism, i.e. the diotatorship of capital, is spreading in all directions, in America democracy can become still more lovely, just as they once imagined that America was immune to the crisis conditions of Europe. In spite of the enormous amount of unemployment that still exists, there is hope of a new upswing in the trade-union movement. And all these expectations are based on nothing more than the rooseveltian phrases, for no one bothers even to make the attempt to point out the economic possibilities of this putatively harmonious capitalism.

Ostensibly, the masses have showed that they are for democracy and against fascism. In reality the fascist tendencies of America have received expression in the election just as they are already anchored in the previous and present program of the Roosevelt administration. In the first place, the election showed that the american population is still completely under the sway of the capitalist ideology. The vigor with which the campaign was conducted, and the large proportion of those who went to the polls, as well as the magnitude

of the Democratic victory, was a manifestation of the politicizing of the masses as a result of the long period of depression, and in this sense the election is also without doubt a manifestation of general social advance. The masses are more interested in politics than they were before. This is a capitalistic expression of the fact that the general development is heading for socialism, to an order of society in which the masses will be determining. But this final meaning of the advancing politicization of the masses is not a part of the consciousness of those who think in terms of capitalism. However much the mass enthusiasm for the liberal Roosevelt and the awakened political interest may in the long run be an expression of the general advance, it is also at the same time an expression of reactionary tendencies for the immediate present. The more the present situation presses toward the dissolution of capitalist society, the more bitterly is the struggle for capitalism conducted and the more reactionary do the masses become so long as a revolutionary setting aside of capitalism is not yet possible. And so in this campaign it was not a question of "democracy", but of the strong man who creates order. And order is envisioned as the avoidances of excesses: one is opposed to immoderate profits as well as to an immoderate degree of impoverishment by which society is endangered. There is a demand for the overcoming of class struggles thru state intervention, that is, the strengthening of the state power; and with this is bound up the dismantling, and not the strengthening, of "democracy." In the election of Roosevelt was revealed not so much the will of the masses to activity, but rather the instinctive recognition of their present impotence, which seeks after the strong man, who is to do for them what they feel incapable of doing themselves and who is to organize a capitalism by which they also are favored. The electoral campaign for democracy was therefore very little distinguished from those staged by the fascists in Europe, both on the part of Roosevelt as well as of his voters. He promised to all the social groups what each may find useful. The contradictions arising in this connection are to be eliminated by way of "good will" or, if absolutely necessary, also by way of state authority. Roosevelt was "the President of all the (American) people," as Hitler is the leader of all the Germans. And in the words of one of his confidants, Dr. High, he was "cheered not as a candidate or even as a president, but rather as a savor". The liberal New York Post wrote in an editorial after the election: "God has granted us a valiant captain for our rendezvous with destiny. Roosevelt stands forth as a world leader. Civilization must be saved from another Dark Age by the great leadership of Roosevelt." That ought surely to make Hitler turn pale with envy. And so the further

economic and political concentration of power was promptly followed by the fascization of ideologies. The democratic phrase does not affect the fascist content of all present-day capitalist policy. Even a democracy can work with fascist methods.

All this is not to say that Roosevelt is the american Hitler, or that fascism in the well-known european form will in the near future break thru also in the United States. The high degree of monopolization of economy which has long existed in America and, connected therewith, the weakness of the labor movement, enables american capitalism still to continue for some time to make use of the democratic swindle. The economic dictatorship over all the weaker social groups is still sufficient; the mastery on the part of the monopolies, with which the further existence of capital is bound up, is not yet in need of the direct political dictatorship. Roosevelt is, in truth, exactly what he describes himself to be: the liberal democrat who wants a harmonious capitalism, but who is also resolved to renounce the harmony in case capitalism should thereby become endangered. He is the representative of that far-sighted capitalist element which is convinced that it is cheaper to restrain the masses by ideological means than with the aid of machine guns, these latter being of course always available as a last resort. Hence the double-facedness of the Roosevelt policy: he is a man of peace, but he hates pacifism as much as he hates war. He wants to take a more active part in foreign affairs; that is, he wants to assure peace thru the strengthening of the american position in international matters, which naturally involves the weakening of the positions of other imperialist nations, and the peace policy is transformed into preparation for war.

As in foreign policy, so also at home: he wants high profits and high wages; he is opposed to increasing the taxes, and yet he wants a further expansion of the social program. However, all this squaring of the circle is possible only in words, not in reality. And these words have only one purpose, as was expressed quite clearly by Dr. High again when he said: "Mr. Roosevelt realized the significance of his reception. He knew that in some respects the american people had got out of hand and were doing their own thinking. And he believed--all during the campaign--that if business men had had vision to match their shrewdness, they would have supported his candidacy for that very reason." By means of capitalist demagogy to stupefy these masses who were beginning to think: it was in this that Roosevelt conceived his function to reside. Roosevelt's liberal attitude itself is the surest indication of his capitalist mentality and the guarantee that as

hitherto, so also in the future, the administration will govern only in the interest of Capital.

Since the new Roosevelt policy is to be essentially a continuation of the old, there is really no need of any speculation regarding the immediate future. As before, so also hereafter, what is done will be exactly the reverse of what is promised. Even though the whole political world, from Roosevelt to Earl Browder,--and Roosevelt's opponents here form no exception,--imagines that a free and happy and prosperous America is possible, the thing is nevertheless nonsensical. Capitalism is happy when it is free to exploit the workers in the interest of its prosperity. The workers might try to be happy by having the relative freedom to sell their labor power as dear as possible in order to participate in capitalist prosperity in spite of an increased amount of actual exploitation from the viewpoint of social production. But even such a "harmonious" situation presupposes a different phase of capitalist development than the one in which we are now living. As in the past, so also in the coming years, any spurt in economic activity will be identical with the further impoverishment of the workers. The greater the capitalist prosperity, the smaller the share of the workers in the social product. There is no getting away from this capitalist tendency except with the complete disappearance of capitalism.

But, it will be objected, there has, after all, been a great improvement during the last four years. It can surely not be denied that the unemployment figure has been reduced, that the Social Security Law was enacted, that wages have often been raised even voluntarily, that taking the nation as a whole an improvement is unmistakable. After all, it was possible to improve the situation of the working population, even if not much, still a bit. And if the beginning was possible, then this policy must surely be capable of being continued.

All these arguments are determined by the capitalist desires of those who use them; they are not susceptible of proof. It is true that with reference to the deepest point of the crisis in 1932-33 the position of capital as well as that of the workers has somewhat improved. But the deepest point of the crisis does not and cannot form the criterion for the character of the present state of the economy and its prospects for the near future. Within the depression there are times of upswing as well as of further worsening; but any new prosperity which is real from the standpoint of capitalism must pass beyond the highest limit of what was hitherto attained. Each period of upswing in the previous progression of capitalism after a time of crisis passed beyond the level of production attained in the previous

phase of prosperity. In order to speak of a new prosperity, the volume of production must not only attain but greatly exceed the level of 1928-29, since of course it was at this level that the present crisis and depression set in, and at the same time the volume of unemployment must be reduced to "normal." Hitherto all increases of production have been measured by the standard of 1923-25; hence the results are far below the level of 1929. But even if the 1929 level were attained, the return of prosperity would still not be demonstrated. What has so far happened is a partial restoration of profitability on a diminished volume of production, which enabled a limited spurt in total production and presents the appearance of an emergence from the depression. Whether the appearance can become reality will not be investigated at this place, though we hold it to be impossible. Here we wish merely to assert that we are still in the depression period and that the alleged prosperity is nothing more than an illusion.

Insofar as there has been success in drawing out of the lowest level of the depression, it was effected at the expense of the workers. It was only for this reason that profits could be raised and industrial activity revived. To be sure, the dividends and the wages have mounted in the last four years, but the wages far less than the profits. It is only this difference that explains the momentary business recovery. The workers have produced more and received relatively less. All the statistics regarding the increase in the productivity of labor are quite illuminative of this fact. The slightness of the wage increase is readily grasped from the statistics regarding the ratio of wages to prices. Because more profits were made, more workers could be employed; the hours were likewise lengthened and mass consumption rose correspondingly, but more slowly than the total production. The contrast between rich and poor, between Capital and Labor was intensified, not blurred. There is no real ground for asserting that the recovery attained to date is attributable to a rise in mass consumption. Measured by the total production, mass consumption has still further declined.

Even though the apologists of capital, from Roosevelt to Browder, may assert that their theory of the rise in mass purchasing power has proved its correctness in practice, the assertion is nevertheless false and can fool only those who get no farther than the surface of things. This swindle is a necessity, however, for those who are interested in the perpetuation of capitalism. How could they exercise influence over the masses if these latter were not convinced that their capitalist-labor politicians are in a position to improve the lot of the mass under the present system? This optimism,

which is without any real economic basis, is not only necessary to the well fed, but a full stomach also naturally gives rise to such fantasies.

All the available statistics show that the share of the workers in social production has not increased nor is increasing. Each of the following figures represents the percentage of normal as of September 1936, the normal (100) being computed on the basis of the averages for 1923-25:

Industrial production	106
Factory employment	88.9
Pay rolls	83

The difference between the three figures reveals exactly the opposite of the usual twaddle about the crisis having been overcome or being overcomable thru the raising of mass purchasing power. With fewer workers at lower wages it has been possible to produce more than in 1923-25. That is the secret of the upswing to date, which in itself proves nothing at all as to its further possibilities. The Cleveland Trust Company writes in its bulletin for August 1936: "It now seems not improbable that within the next few months we may have in this country the curious anomaly of a statistical recovery almost to normal levels which will at the same time fall far short of being satisfactory economic or social recovery; We are achieving normal levels of industrial production which are accompanied by growing numbers of local labor shortages while at the same time there is a huge continuing amount of unemployment. There is greatly reduced agricultural production, but only restricted advances in agricultural prices. Banks are overflowing with excess deposits, but there is a most meager demand for loans to finance the expansion of enterprise."

In other words, the exploitation has not been sufficiently intensified to meet the demands of accumulation and to lead to a real prosperity. And so it will be necessary to continue to try to raise the rate of exploitation and make the discrepancy between production and workers' purchasing power still greater. And even though the A.F. of L., for example, has set as its goal "large, general and recurring wage increases thruout all industry" for the reason that "only by such wage increases can we create a market great enough for capacity production and full employment", still capitalism will take the directly opposite path, for any wage increase is directed against capitalist prosperity. For this reason there can be no question of an Era of Good Feeling, but only of an era of intensified class struggles, which naturally cannot be led by the

organizations interested in capitalism. The workers will find themselves thrown upon their own resources in the struggle against their further impoverishment. In these conflicts the present-day phrase of peace between the classes by way of Roosevelt will very rapidly die away, and it will become clear that even a democracy is capable of proceeding against the workers in exactly the same way as do the fascists.

# # # #

STATE CAPITALISM AND DICTATORSHIP

I

The term "State Capitalism" is frequently used in two different ways: first, as an economic form in which the state performs the role of the capitalist employer, exploiting the workers in the interest of the state. The federal mail system or a state-owned railway are examples of this kind of state capitalism. In Russia, this form of state capitalism predominates in industry: the work is planned, financed and managed by the state; the directors of industry are appointed by the state and profits are considered the income of the state. Second, we find that a condition is defined as state capitalism (or state socialism) under which capitalist enterprises are controlled by the state. This definition is misleading, however, as there still exists under these conditions capitalism in the form of private ownership, although the owner of an enterprise is no longer the sole master, his power being restricted so long as some sort of social insurance system for the workers is accepted.

It depends now on the degree of state interference in private enterprises. If the state passes certain laws affecting employment conditions, such as the hiring and firing of workers, if enterprises are being financed by a federal banking system, or subventions are being granted to support the export trade, or if by law the limit of dividends for the large corporations is fixed--then a condition will be reached under which state control will regulate the entire economic life. This will vary from the strict state capitalism in certain degrees. Considering the present economic situation in Germany we could consider a sort of state capitalism prevailing there. The rulers of big industry

in Germany are not subordinated subjects of the state but are the ruling power in Germany thru the fascist officials in the governing offices. The National Socialist Party developed as a tool of these rulers. In Russia, on the other hand, the bourgeoisie was destroyed by the October Revolution and has disappeared completely as a ruling power. The bureaucracy of the Russian government took control of the growing industry. Russian state capitalism could be developed as there was no powerful bourgeoisie in existence. In Germany, as in western Europe and in America, the bourgeoisie is in complete power, the owner of capital and the means of production. This is essential for the character of capitalism. The decisive factor is the character of that class which are the owners in full control of capital and not the inner form of administration nor the degree of state interference in the economic life of the population. Should this class consider it a necessity to bind itself by stricter regulation--a step that would also make the smaller private capitalists more dependent upon the will of the big capitalists--the character of private capitalism would still remain. We must therefore distinquish the difference between state capitalism and such private capitalism that may be regulated to the highest degree by the state.

Strict regulations are not simply to be looked upon as an attempt to find a way out of the crisis. Political considerations also play a part. Examples of state regulation point to one general aim: preparation for war. The war industry is regulated, as well as the farmers' production of food--in order to be prepared for war. Impoverished by the results of the last war--robbed of provinces, raw materials, colonies, capital, the German bourgeoisie must try to rehabilitate its remaining forces by rigorous concentration. Foreseeing war as a last resort, it puts as much of its resources as is necessary into the hands of state control. When faced with the common aim for new world power, the private interests of the various sections of the bourgeoisie are put into the background. All the capitalist powers are confronted with this question: to what extent the state, as the representative of the common interests of the national bourgeoisie, should be entrusted with powers over persons, finances and industry in the international struggle for power? This explains why in those nations of a poor but rapidly increasing population, without any or with but few colonies (such as Italy, Germany, Japan) the state has assumed the greatest power.

One can raise the question: is not state capitalism the only "way out" for the bourgeoisie? Obviously

state capitalism would be feasible, if only the whole productive process could be managed and planned centrally from above in order to meet the needs of the population and eliminate crises. If such conditions were brought about, the bourgeoisie would then cease being a real bourgeoisie. In bourgeois society, not only exploitation of the working class exists but there must also exist the constant struggle of the various sections of the capitalist class for markets and for sources of capital investment. This struggle among the capitalists is quite different from the old free competition on the market. Under cover of cooperation of capital within the nation there exists a continuous struggle between huge monopolies. Capitalists cannot act as mere dividend collectors, leaving initiative to state officials to attend to the exploitation of the working class. Capitalists struggle among themselves for profits and for the control of the state in order to protect their sectional interests and their field of action extends beyond the limits of the state. Although during the present crisis a strong concentration took place within each capitalist nation, there still remains powerful international interlacements, (of big capital). In the form of the struggle between nations, the struggle of capitalists continues, whereby a severe political crisis in war and defeat has the effect of an economic crisis.

When, therefore, the question arises whether or not state capitalism--in the sense in which it has been used above--is a necessary intermediate stage before the proletariat seizes power, whether it would be the highest and last form of capitalism established by the bourgeoisie, the answer is No. On the other hand, if by state capitalism one means the strict control and regulation of private capital by the state, the answer is Yes, the degree of state control varying within a country according to time and conditions, the preservation and increase of profits brought about in different ways, depending upon the historical and political conditions and the relationship of the classes.

II

Nevertheless it is possible and quite probable that state capitalism will be an intermediary stage, until the proletariat succeeds in establishing communism. This, however, could not happen for economic but for political reasons. State capitalism would not be the result of economic crises but of the class struggle. In the final stage of capitalism, the class struggle is the most significant force that determines the actions of the bourgeoisie and shapes state economy.

It is to be expected that, as a result of great economic tension and conflict, the class struggle of the future proletariat will flare up into mass action; whether this mass action be the cause of wage conflicts wars or economic crises, whether the shape it takes be that of mass strikes, street riots or armed struggle; the proletariat will establish council organizations--organs of self-determination and uniform execution of action. This will particularly be the case in Germany. There the old political organs of the class struggle have been destroyed; workers stand side by side as individuals with no other allegiance but to that of their class. Should far-reaching political movements develop in Germany, the workers could function only as a class, fight only as a class when they oppose the capitalist principle of one-man dictatorship with the proletarian principle of self-determination of the masses. In other parliamentary countries, on the other hand, the workers are severely handicapped in their development of independent class action by the activities of the political parties. These parties promise the working class safer fighting methods, force upon the workers their leadership and make the majority of the population their unthinking followers, with the aid of their propaganda machinery. In Germany these handicaps are a dying tradition.

Such primary mass struggles are only the beginning of a period of revolutionary development. Let us assume a situation favorable to the proletariat; that proletarian action is so powerful as to paralyze and overthrow the bourgeois state. In spite of unanimous action in this respect, the degree of maturity of the masses may vary. A clear conception of aims, ways and means will be acquired only during the process of revolution and after the first victory differences as to further tactics will assert themselves. Socialist or communist party spokesmen appear; they are not dead, at least their ideas are alive among the "moderate" section of the workers. Now their time has come to put into practice their program of "state socialism."

The most progressive workers whose aim must be to put the leadership of the struggle into the control of the working class by means of the council organization, (thereby weakening the enemy power of the state force) will be encountered by "socialist" propaganda in which will be stressed the necessity of speedily building the socialist order by means of a "socialistic" government. There will be warnings against extreme demands, appeals to the timidity of those individuals to whom the thought of proletarian communism is yet inconceivable, compromises with bourgeois reformists will be advised, as well as the buying-out of the bourgeoisie

rather than forcing it thru expropriation to embittered resistance. Attempts will be made to hold back the workers from revolutionary aims--from the determined class struggle. Around this type of propaganda will rally those who feel called upon to be at the head of the party or to assume leadership among the workers. Among these leaders will be a great portion of the intelligentsia who easily adapt themselves to "state socialism" but not to council communism and other sections of the bourgeoisie who see in the workers' struggles a new class position from which they can successfully combat communism. "Socialism against anarchy", such will be the battle cry of those who will want to save of capitalism what there can be saved.

The outcome of this struggle depends on the maturity of the revolutionary working class. Those who now believe that all one has to do is to wait for revolutionary action, because then economic necessity will teach the workers how to act correctly, are victims of an illusion. Certainly workers will learn quickly and act forcefully in revolutionary times. Meanwhile heavy defeats are likely to be experienced, resulting in the loss of countless victims. The more thorough the work of enlightment of the proletariat, the more firm will be the attack of the masses against the attempt of "leaders" to direct their actions into the channels of state socialism. Considering the difficulties with which the task of enlightment now encounters, it seems improbable that there lies open for the workers a road to freedom without setbacks. In this situation are to be found the possibilities for state capitalism as an intermediary stage before the coming of communism.

Thus the capitalist class will not adopt state capitalism because of its own economic difficulties. Monopoly capitalism, particularly when using the state as a fascist dictatorship, can secure for itself most of the advantages of a single organization without giving up its own rule over production. There will be a different situation, however, when it feels itself so harpressed by the working class that the old form of private capitalism can no longer be saved. Then state capitalism will be the way out: the preservation of exploitation in the form of a "socialistic" society, where the "most capable leaders", the "best brains", and the "great men of action" will direct production and the masses will work obediently under their command. Whether or not this condition is called state capitalism or state socialism makes no difference in principle. Whether one refers to the first term "State capitalism" as being a ruling and exploiting state bureaucracy or to the second term "State socialism" as a necessary staff of officials who as dutiful and

obedient servants of the community share the work with the laborers, the difference in the final analysis lies in the amount of the salaries and the qualitative measure of influence in the party connections.

Such a form of society cannot be stable, it is a form of retrogression, against which the working class will again rise. Under it a certain amount of order can be brought about but production remains restricted. Social development remains hindered. Russia was able, through this form of organization, to change from semi-barbarism to a developed capitalism, to surpass even the achievements of the Western countries' private capitalism. In this process figures the enthusiasm apparent among the "upstart" bourgeois classes, wherever capitalism begins its course. But such state capitalism cannot progress. In Western Europe and in America the same form of economic organization would not be progressive, since it would hinder the coming of communism. It would obstruct the necessary revolution in production; that is, it would be reactionary in character and assume the political form of a dictatorship.

III

Some Marxists maintain that Marx and Engels foresaw this development of society to state capitalism. But we know of no statement by Marx concerning state capitalism from which we could deduce that he looked upon the state when it assumes the role of sole capitalist, as being the last phase of capitalist society. He saw in the state the organ of suppression, which bourgeois society uses against the working class. For Engels "The Proletariat seizes the power of the state and then changes the ownership of the means of production to state ownership".

This means that the change of ownership to state ownership did not occur previously. Any attempt to make this sentence of Engels' responsible for the theory of state capitalism, brings Engels into contradiction with himself. Also, there is no confirmation of it to be found in actual occurrences. The railroads in highly developed capitalist countries, like England and America, are still in the private possession of capitalistic corporations. Only the postal and telegraphic services are owned by the states in most countries, but for other reasons than their high state of development. The German railroads were owned by the state mostly for military reasons. The only state capitalism which was enabled to transfer the means of production to state ownership is the Russian, but not on account of their state of high development, rather on account of their low degree of development. There is nothing, however,

to be found in Engels which could be applied to conditions as they exist in Germany and Italy today, these are strong supervision, regulation, and limitation of liberty of private capitalism by an all-powerful state.

This is quite natural, as Engels was no prophet; he was only a scientist who was well aware of the process of social development. What he expounds are the fundamental tendencies in this development and their significance. Theories of development are best expressed when spoken of in connection with the future; it is therefore not harmful to use caution in expressing them. Less cautious expression, as is often the case with Engels, does not diminish the value of the prognostications in the least, although occurrences do not exactly correspond to predictions. A man of his calibre has a right to expect that even his suppositions be treated with care, although they were arrived at under certain definite conditions. The work of deducing the tendencies of capitalism and their development, and shaping them into consistent and comprehensive theories assures to Marx and Engels a prominent position among the most outstanding thinkers and scientists of the nineteenth century, but the exact description of the social structure of half a century in advance in all its details was an impossibility even for them.

Dictatorships, as those in Italy and Germany, became necessary as means of coercion to force upon the unwilling mass of small capitalists the new order and the regulating limitations. For this reason such dictatorship is often looked upon as the future political form of society of a developed capitalism the world over.

During forty years the socialist press pointed out that military monarchy was the political form of society belonging to a concentrated capitalistic society. For the bourgeois is in need of a Kaiser, the Junkers and the army in defense against a revolutionary working class on one side and the neighboring countries on the other side. For ten years the belief prevailed that the republic was the true form of government for a developed capitalism, because under this form of state the bourgeoisie were the masters. Now the dictatorship is considered to be the needed form of government. Whatever the form may be, the most fitting reasons for it are always found. While at the same time countries like England, France, America and Belgium with a highly concentrated and developed capitalism, retain the same form of parliamentary government, be it under a republic or kingdom. This proves that capitalism chooses many roads leading to the same destination, and it also proves that there should be no

haste in drawing conclusions from the experiences in one country to apply to the world at large.

In every country great capital accomplishes its rule by means of the existing political institutions, developed thru history and traditions, whose functions are then being changed expressly. England offers an instance. There the parliamentary system in conjunction with a high measure of personal liberty and autonomy are so successful that there is no trace whatever of socialism, communism or revolutionary thought among the working classes. There also monopolistic capitalism grew and developed. There, too, capitalism dominates the government. There, too, the government takes measures to overcome the results of the depression,but they manage to succeed without the aid of a dictatorship. This does not make England a democracy, because already a half a century ago two aristocratic cliques of politicians held the government alternately, and the same conditions prevail today. But they are ruling by different means; in the long run these means may be more effective than the brutal dictatorship. Compared with Germany, the even and forceful rule of English capitalism looks to be the more normal one.In Germany the pressure of a police-government forced the workers into radical movements, subsequently the workers obtained external political power, not thru the efforts of a great inner force within themselves, but thru the military debacle of their rulers, and eventually they saw that power destroyed by a sharp dictatorship, the result of a petty bourgeois revolution which was financed by monopolistic capital. This should not be interpreted to mean that the English form of government is really the normal one, and the German the abnormal one; just as it would be wrong to assume the reverse. Each case must be judged separately, each country has the kind of government which grew out of its own course of political development.

Observing America, we find in this land of greatest concentration of monopolistic capital as little desire to change to a dictatorship as we find in England.Under the Roosevelt administration certain regulations and actions were effected in order to relieve the results of the depression, some were complete innovations. Among these there was also the beginning of a social policy, which was hitherto entirely absent from American politics. But private capital is already rebelling and is already feeling strong enough to pursue its own course in the political struggle for power. Seem from America, the dictatorships in several European countries appear like a heavy armour, destructive of liberty, which the closely pressed-in nations of Europe must bear, because inherited feuds whip them on to mutual

destruction, but not as what they really are, purposeful forms of organization of a most highly developed capitalism.

The arguments for a new labor movement, which we designate with the name of Council-Communism, do not find their basis in state capitalism and fascist dictatorship. This movement represents a vital need of the working classes and is bound to develop everywhere. It becomes a necessity because of the colossal rise of the power of capital, because against a power of this magnitude the old forms of labor movement become powerless, therefore labor must find new means of combat. For this reason any program principles for the new labor movement can be based on neither state capitalism, fascism, nor dictatorship as their causes, but only the constantly growing power of capital and the impotence of the old labor movement to cope with this power.

For the working classes in fascist countries both conditions prevail, for there the risen power of capital is the power holding the political as well as the economic dictatorship of the country. When there the propaganda for new forms of action connects with the existence of the dictatorship, it is as it should be. But it would be folly to base an international program on such principles, forgetting that conditions in other countries differ widely from those in fascist countries.

(From Raete Korrespondenz)

THE MARITIME STRIKE.

The maritime strike, involving 65,000 workers of both coasts, is the largest and most inclusive struggle in American maritime history. All categories of workers are engaged: workers of deep-sea ships, of coast-wise vessels, as well as port workers. Coming at a period when many more conflicts are brewing, directly because of the rise of living costs, the strike puts to an acid test the newly reelected Roosevelt Administration, and at once reveals the character of the fight between Lewis and Green. Considering, too, that this is the only industry of importance where the Communist Party has influence, its old line (very old, two years to be exact) is necessarily undergoing the full stress of action and reality.

The government's policy in this strike is determined not only, not even primarily, by the usual considerations of regulating labor to insure a higher profit rate for the owners and investors, but is dictated rather by the economic and principally the naval and military importance of the industry.

Hitherto the Roosevelt Administration did not have to worry much about maritime labor, simply because there was not enough organization amongst the men. Such organization as existed reduced the workers to impotence, tying them up thru numerous craft unions of the usual incorrigible variety. It was only when maritime labor, having recovered from its last major defeat of fourteen years ago, began to grow to challenging proportions and temper, that the government sat up and took notice.

The present Administration has, it is important to note, conveyed its fight with Old Deal Capitalism into the caldron of the fighting workers. Thus this strike, which came to a head as the immediate effect of the rising cost of living, a fact which to workers who benefitted not at all from the early days of the N.R.A. became unbearable, this inter-class struggle has also incorporated features of intra-class strife. This applying both to the capitalists and the workers.

The Government a "Benevolent Neutral"

Thus far the government has maintained a non-intervention attitude toward the strike. Cunningly it relied upon the craft union leaders to consort with the interests of the shipowners. The well-known tactical

methods of these leaders are to dampen the militancy of the strike to the point of willingness to surrender. And with the same stone, the bird of the "Old Deal" capitalists must be made to see and accept Roosevelt's more scientific methods of liquidating workers' struggles. These leaders were both "reputable and reliable" with a radical safety valve in the form of the physiognomy of the Communist Party.

Several months before the strike, the government had already set up a Maritime Commission, one similar in powers to the Interstate Commission, to regulate the industry in line with "New Deal" capitalism and its military requirements. More recently, an Inquiry Commission was set up principally to probe into labor relations and to lay the basis for a regulatory law similar to the Railway Labor Act. Both of these commissions, particularly the latter one, were received with displeasure by the Old Deal Capitalists, the nonconforming economic royalists of the industry.

The government thus seeks to balance one against the other for its own ends while allowing the process of the struggle to assist in forging new chains about the neck of labor.

Within the Camp of Labor.

The fight among the capitalists on the question, "How to rule under the present conditions of capitalism," accelerated the break, long overdue, in the American trade union movement. The Roosevelt Administration from the start favored vertical (industrial (?)) unions as against the craft unions of old capitalism. With Roosevelt's reelection, the political aspect of the fight received a quietus, but the economic struggle, under way for a year, continues with increasing sharpness. The Tampa Convention of the A.F. of L. registered a new 'high' mark in this fight. At that convention, the maritime strike was singled out as a specially fit situation for the craft union leaders to ingratiate themselves with the Old Deal capitalists and to indicate how far they would be willing to go in the future.

The convention suspended its regular order of business in order to pass a resolution declaring the seamen's strike "outlaw", and endorsing the recruiting of scabs by the top officials of the International Seamen's Union, an A.F. of L. affiliate. Reinforced by this decision, Joseph Ryan, president of the International Longshoremen's Association, and one of the leaders of the A.F. of L. craft bloc, ordered the members of his union not to unload steamers of countries whose workers had refused to unload steamers manned by strike-breakers

of the A.F. of L. The strike is thus one in which it is legitimate for members of the A.F. of L. to act as strike-breakers.

The bulk of the members of the maritime craft union, reinforced by masses of unorganized, are of course disobeying the orders of the convention and its agencies on the waterfront. Nevertheless the scabbing work of the A.F. of L. is doing heavy damage to the strike. This is particularly true on the East Coast because of the fact that only about one-third of the total of maritime labor of all categories is involved in it. The port of New York, largest and most important, is the center of the fight against the A.F. of L., precisely because this port is the backbone of reactionary unionism in the industry. Unions like that of Ryan's Longshoremen's, truckers, etc., have been solidly entrenched for a long time, and have been acting in the more or less exclusive interests of the shipowners.

Maritime Labor.

The strength of the American Merchant Marine up to the last world war, and the working conditions on the ships, were determined by cut-throat competition. This competition and commensurately the terms of work was especially severe with deep-sea going traffic.

When, as a result of the late war, American shipping took a leap ahead, the government feared the impending labor rebellion so much that on the eve of the United States' entry into the war, it passed the famous Seamen's Act which gave the seamen, for the first time, something approaching human conditions. After the war this Act, like so many others enacted to tide over the period of stress, was discarded as so much paper.

In proportion as the U.S. government was pressed to round up foreign markets, and as maritime traffic became of vital importance, the government was obliged to facilitate the growth of the industry and to enter into its internal affairs. This is being done more and more as time goes on.

Meanwhile the old generation of seamen, mostly foreign born, was replaced by native born or naturalized Americans as a measure, among others, to convert the industry to war needs. Only on the waterfront proper does foreign-born labor still predominate. The unions that grew on the waterfront under such conditions were of the rough and ready variety, just as much of the American shipping entered into illegitimate operations such as smuggling arms, bootlegging, etc. Thus the old, dilapidated craft union, corrupted to the core, had continued

to infest the industry long after it had become highly concentrated in control and ownership.

The present strike thus is a rebellion against all the antiquated conditions that have survived in the industry. This strike is led by workers of the West Coast who were considered free from the taint of real unionism up to three years ago. These newly organized masses have issued a leadership of communist disposition (notwithstanding that they turn toward Stalinism) and also of syndicalist leanings. Whatever may be the shortcomings of these leaders, they are, from the class viewpoint, miles ahead of the buccaneering variety of leader represented by Ryan. The hard-boiled, anti-union capitalists have thus, for the first time, met a real challenge. The masses of the East Coast helped to spread the strike and these were joined later by the older and more skilled of maritime labor.

The Communist Party.

The opposition against craft unionism in this strike is led not by the C.I.O. but by the Communist Party in the first place, and by adherents to the syndicalist theory (Lundeberg and others) in secondary positions. John L. Lewis has tried to carve out an intermediary group from the situation, but thus far has failed. Thus the C.I.O. has not actively intervened on the side of the strikers nor has it, thus far, done anything against them.

The reason for no collaboration between the C.I.O. and the Stalinist-led strike is not one of principle. The difference is grounded on the fact that according to the Stalin line, the American Stalinists are to build the A.F. of L. and not to destroy it. The C.I.O. unions, however, comprising over one million members have given up all hope of reforming the A.F. of L. even on a class-collaboration basis, and are moving in the direction of a new labor federation. The Stalinists advocate the industrial program as an inside the A.F. of L. movement. Their slogan is "Unity inside and within the A.F.of L." while the C.I.O. is already building a movement outside. The Stalinists advocate industrial unionism as an ideological slogan to be realized within the A.F.of L. gradually without rocking the boat of "Unity", while the C.I.O. is moving to realize that slogan organizationally.

The Stalinist strike leadership thus finds itself aligned with the craft nobility who also spread the gospel of "unity" to the rebellious unions. In a word: the Stalinists accommodate themselves to the craft set-up on the waterfront while seeking to modify it in an industrial union direction by federating the crafts

within the A.F.of L. into a union of the type of the Maritime Federation of the West Coast. Thus while syndicalist-led unions seek affiliation with the C.I.O., Stalinist-led unions continue to affiliate to the A.F. of L. This is why all hook-ups with the C.I.O. have thus far failed to hold .

The Communist Party thus finds itself way to the right of the class-collaborationist C.I.O.

How far the Stalinists are willing to go in ignoring the desires of the masses and jeopardizing the success of the strike in order to carry the "line" is illustrated and foreshadowed by the incident in connection with Ryan's refusal to unload the French steamer Champlain. That steamer could have been unloaded by the strikers in spite of Ryan's orders. The strikers were ready to unload in order to continue the solidarity with the French dockers. The unloading of that ship moreover would have shaken Ryan's strangle-hold on the New York waterfront, and these are precisely the reasons that some back-stage negotiations between the Stalinists and Ryan's men resulted in the Champlain's returning to France with cargo not unloaded. So was broken the solidarity between the French dockers and the American workers. Stalin never drove a sharper knife with surer aim into the workers' back.

Conclusion.

The strike is a three-way fight inside the camps of labor. The strikers have many resolute enemies and a few dubious friends. There is moreover the risk that the West Coast strike will be settled by the Stalinist leadership and leave the East Coast in a lurch. This rebellion must either wash out the corrupt craft unions or, at the least, heavily undermine them. It might, depending on the outcome, wash out much of the fetid Stalinist influence and give the syndicalist elements a fuller lead. Considering the importance of the industry, the nearness of war, and the dimension of the rebellion, sweeping changes in the maritime industry are due to take place; changes which can scarcely escape the line of Roosevelt's "New Deal" and the line of the C.I.O. To these changes the Stalinists will accommodate themselves or suffer the consequences. The workers will be temporarily conciliated and relieved and will, naturally, continue in the historic capacity as wage-slaves of Capital. But one lesson, valuable beyond all others, the workers will learn. They will learn the primary lesson of class struggle - the lesson of class-solidarity.

- J. Z. -

A LETTER FROM GERMANY

The National Socialists of Germany realize the need of catering to the wants of certain large sections of the population. They seem to realize the seriousness of conditions in Germany and make every effort to solve those problems that threaten their control. Thus they are trying at all costs to reduce unemployment. Although military conscription has absorbed a considerable number of able workmen, and for a number of them even opened the prospects of modest careers, although the armaments industry is working at the peak of capacity and all workers familiar with metal trades work are employed, there is still considerable unemployment. Those not employed in the war industries fluctuate between welfare work (Fursorgearbeit), railroad building (Reichsautobahn), compulsory labor service (Arbeitsdienst), and compulsory agricultural service (Landhilfe). This applies primarily to young workers.

Welfare work (Fursorgearbeit) means the receipt of a small additional amount above the permanent aid provided by law; railroad building signifies a wage of 56 pfennigs per hour; compulsory labor service and agricultural service are paid for in board and lodging with inconsiderable pocket money and are required before the worker is eligible for a better job.

Agricultural service is among the most feared and detested of all welfare labor. The young workers here receive a wage of 15 marks a month and work every day including Sunday. As compared to the labor service, there is no social activity which plays an important part in the labor service. Every half-year's service in the argicultural service is certified with a letter that the worker receives. There are cases of young workers presenting four of these letters at the state labor bureaus without receiving work. New hope is offered to some if within six months they can learn some of the simpler operations of machine hands. If competent, they can find work in the metal industry at 63 pfennigs per hour, thus forming serious competition for skilled metal workers who still receive 92 pfennigs per hour.

Considerable feverishness marks these efforts to provide work. Thousands of workers - printers, painters, all who are not metal workers - are employed in public works for about three months and then sent back to the state labor bureaus. This feverish activity exposes

the lack of work even though the war industries are operating up to 74 hours weekly. A gigantic state apparatus tries to master the situation, for the question looms ominously whether the National Socialist's can overcome the economic crisis. Even the plain,nameless unemployed who is expected to realize that National Socialist prestige demands the employment in good jobs,first,of old party fighters, senses this. The dictatorship of the party book is clearly apparent at the state labor bureaus.

Besides the metal workers, the capable stenographers also can figure on employment. The bureaucracy is growing more rapidly than the armaments industry. Courses in stenography are training the girls to do their share in the great "armament for peace"

During the Olympiad, the reins were noticeably loosened. The foreign visitor had to be impressed with a picture of peace, a land without suspicion or terror. The "Sturmer", much read by the young, was nowhere to be found. From the employees of the travel bureaus to the SA men on the streets, all were drilled to receive the foreign visitors, who, although they had been too prone to believe atrocity stories in the past, were welcome spenders of foreign currency and must be treated accordingly.

In addition to the Olympic games, entertainment and diversion was provided for paying and gullible foreigners. In Hamburg, for instance, there was the World Congress for Leisure and Recreation. Although foreign participation was meager, a few Bulgarians in national costume danced for the enthusiastic "people" and the delighted Dr. Ley. From all German districts representatives appeared in costumes. There was much laughter and trade in badges, and autograms flourished. Chairs were rented to spectators at two marks per hour. In short, interest and enjoyment in the old folkways are growing; the German laughs again.

Viewed superficially, all is order and happiness in Germany. Order of the sort that evoked paeans of praise, on the part of certain tourists in Italy, for Mussolini , after the march on Rome because the trains ran on schedule. Joy and happiness in the sense that there is no lack of uniforms, costumes and, above all, of flags. In the better cafes, on excursion steamers, etc., snappy military music can be heard; soldiers of the various military divisions enliven the trains that are otherwise none too well occupied; the old romances with soldier sweethearts are in bloom again, and the special excursions of the Strength thru Joy movement provide a continuous season of travel.

This organization of leisure has the most fantastic results. The people are uncritical and nonpolitical to a degree that seems incredible. Speak to a "good German" about the armaments, that have ceased to be a secret since conscription, and he will say that Hitler is the most peace-loving being on the earth, - his armaments serve solely the cause of peace. Reply with statistics or excerpts from the "Fuhrer's" speeches that prove the contrary, and he answers that he isn't interested in politics and there are probably other matters in this connection which we know nothing about - "but the Fuhrer ..."

But what is the sentiment among the former opponents of Hitler, in the mills and factories? Although we have had no large strikes or demonstrations, it can still be disproved that the German working class as a whole has become National Socialist. Whoever interprets the failure of the German labor movement as arising from general working class defection to National Socialism will be equally unable to understand the possibility of a rallying for a renewed class struggle.

It seems as though the workers are awakening from a long narcotic sleep which had possessed them after their defeat. None of the former factors or organization and conflict any longer play a part. The underground illegal groups, comparatively small in numbers, do not appear on the surface; are non-existent for the broad masses of workers. The former organizations are wiped out. One class can move without "playing politics" even though deprived of its organizations. The pay envelopes of the workers are getting no thicker. They and their wives feel that, and are compelled to continue their struggle for existence. Dr. Ley recently visited a Rhenish factory where the force greeted him with a truculent "Heil Hitler", but at the same time demonstratively held aloft their lean pay envelopes. While this was merely an initial demonstration of growing economic dissatisfaction, there are increasing signs of collective political resistance. A few examples: in a large North-German machinery works, the force of several thousands was ordered to assemble in one of the large work-halls to hear the last Hitler election speech. Only the bosses and white-collar help, however, appeared; the workers assembled in the factory yard in front of the gates which were kept closed until the broadcast was over. The situation had become critical; the few real Nazis left among the workers dared not open their mouths. Generally, things are happening in the plants today that would have been impossible a year ago. A comrade tells me of an armament factory in Greater Berlin employing over 5,000 where he had worked since before Hitler's ascendancy. After the collapse of the

labor movement, the men were completely demoralized, and could see no end to the new slavery. A rigorous control system was introduced. An armed uniformed overseer watched over each ten men; passes had to be secured to go to the toilet. Two armed men were on watch there. The hours were 74 per week. The workers had only one free Sunday in four. Until a year ago, the men were completely terrorized but then they had "acclimatized" themselves. Today they come to work in their old Reichsbanner, Communist and Iron-front shirts. When the overseers objected, they answered "Heil Hitler, buy me another," and ignored him. No one any longer fears the boys with the revolver belts. The workers discuss matters openly in larger and smaller groups during their lunch and other rest periods, and move about as formerly. The control is powerless; the whole force is rebellious and seems inspired by a belief that they positively will live to see a complete change of conditions.

It is quite possible that the government will again resort to terrorism in the factories in order to end such conditions. But in that case they will encounter no longer the impotent terror of formerly, but increased hostility on the workers' part. The government has failed to conquer the plants; it can only make the workers its embittered enemies.

The ordinary tourist, of course, fails to perceive any of this. He can never gauge the true sentiment of the workers; at best he may witness some accidental evidences of dissatisfaction by business men, farmers, etc., who formerly were the blind followers of Hitler but now, in view of their continuous misery, openly damn present conditions. On the other hand, he will see little of the real intensity of German armaments although military parades, aerial maneuvers, etc., are a part of the daily picture in Germany. Wherever possible, things are concealed; thus it is with the production of the greater part of their war materials. From certain centers the web of the armament industry spreads thru-out the whole of Germany. Mostly the individual plants produce only parts, the destination of which is unknown to the workers. Outwardly, the plant sports a harmless name such as "Hansa Chain Factory", but manufactures munitions. Among the workers are girls as young as fifteen who, with the rest, are pledged to secrecy and sign an agreement that subjects them to the death penalty in case of "treason".

The new munitions factories are veritable gardens. The plain factory yards are transformed into flower dotted patches, the flat roofs are luxurious in green plants. Garden craft raises the working spirit and forms excellent camouflage against hostile planes and bombing

attacks of vicious neighbors who will not let Germany arm in peace. In order to provide perfect cover, equipment is installed to permit operations under cover of complete external darkness. Krupp is building new plants in northern Germany that appear as harmless frame buildings while the real works are in bombproof quarters underground.

In regard to Spain, the news in the German papers is so unanimously pro-fascist that I was astounded by news in foreign papers of the valiant stand of the Peoples' Front. This kind of isolation results in complete passivity by the German workers who not only remain passive in relation to Spain, but are equally passive in relation to German nationalism.

There still remains the question of the form of the new German labor movement. As yet there is none. Only its basis exists no matter how long and painful its development. Aside from the small number of nameless "illegals" who consciously try to maintain the thin threads of their connections against the overwhelming forces of Terror, Force and Lies, who have hardly as yet found definite forms and methods of their work; aside from these splitup groups that as yet form no definite movement, the mass of workers is beginning to move. They are no longer dull and dead as in the first years of the dictatorship. They are rallying for the first, modest, solidaric actions against the Hitler-regime. The working class has not been caught in the mesh of the gigantic Hitler propaganda. It turns against him and seeks to find itself, to comprehend its difficult situation, and to establish the foundations for its struggle: the unity not only of its resistance, not only against the increasing exploitation but against the entire unwholesome atmosphere of the lying and terroristic Hitler dictatorship.

NOTES ON THE QUESTION OF UNEMPLOYMENT

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The arguments about unemployment turn almost exclusively on the question of whether the machine displaces workers or not. While the one side asserts that the machine has enabled the expansion of old and the creation of new industries, the other maintains that the machine and every thing connected with it gives rise to increasing unemployment.

This debate, in which on the one hand the development of technology is esteemed as creating more jobs and, on the other, unemployment is regarded as originating from this technology in conjunction with the present relations of distribution, is largely doomed to sterility, since it isolates the development of technology, as something independent, from the general capitalist laws of accumulation. By reason of accumulation, however, the number of workers increases in the upswing period of capitalism, regardless of workers being displaced by the machine.

According to Marx, the growth in the number of factory workers is conditioned upon a proportionally much more rapid growth of the total capital thus invested. If production does not increase more rapidly than the advance in the development of technology--that is, if accumulation does not proceed in an accelerated manner-- then the number of workers is bound to decline. It is true that the number of workers in the United States increased down to the year 1920, yet <u>in relation to the growth of capital</u> the number continually diminished. The tempo of accumulation, which manifests itself in the increasing wealth of society, was more rapid than the rate of increase in the number of workers. At the same time the number of unproductive workers increased more rapidly than that of the productive. As in all other countries, the magnitude of the unemployment fluctuated with the volume of production. When the economy had reached a relatively stagnant phase, the unemployment increased absolutely.

In case the production of surplus value, as the exclusive motive of the present mode of production, fails to meet the demands of a progressive accumulation of capital, this accumulation is bound to slow down or even to become suspended, until in a number of ways the necessary profitability is again reestablished, enabling once more an accelerated accumulation. In the meanwhile the enormous amount of unemployment <u>appears</u> as a result of overproduction of commodities, brought about thru an excess

of means of production and a deficiency of mass purchasing power. It is true that the overproduction of commodities is one of the manifestations of the overproduction of capital. According to Marx, however:

> "It is not a fact that too many necessities of life are produced in proportion to the existing population. The reverse is true. Not enough is produced to satisfy the wants of the great mass decently and humanely. It is not a fact that too many means of production are produced to employ the able-bodied portion of the population. The reverse is the case. In the first place, too large a portion of the population is produced consisting of people who are really not capable of working, who are dependent through force of circumstances on the exploitation of the labor of others, or compelled to perform certain kinds of labor which can be dignified with this name only under a miserable mode of production. In the second place, not enough means of production are produced to permit the employment of the entire able-bodied population under the most productive conditions, so that their absolute labor time would be shortened by the mass and effectiveness of the constant capital employed during working hours." (Capital, Vol. III, p. 302)

A number of investigations on productive and consumptive capacity in the United States have led, for that matter, notwithstanding the popular opinion to the contrary, to the recognition that the productive capacity is not great enough to meet the needs of the entire population. As a matter of fact, the productive equipment of 1929 was used to 80 percent of its full capacity. The Bureau of Home Economics of the U.S. Department of Agriculture holds that a 75% increase in the 1929 production level would be necessary to provide a "reasonable"standard of living for every family in the United States, It is only in individual industries that the productive capacity was or is great enough to satisfy all the needs of the population. The purchasing, and hence consuming, power of the great masses of the population around 1929 was far from affording a standard of living which according to present-day criteria could be regarded as reasonable, so that even the application of the 20 per cent of unused productive equipment would have made little difference. Even in the so-called period of prosperity there was not a single year in which the workers incomes attained the minimum computed to be necessary for a decent existence. From the standpoint of a reasonable society, computing with use values, there is accordingly no excess of means of production and workers, but indubitably a deficiency. Any further progressive expansion is bound up with the further development of the social forces of production.

Unemployment and unused productive possibilities are not to be traced back to the development of technology, but to the manner in which this technology is conditioned and impeded by way of the laws inherent in a profit economy. This is also the sufficient reason why all attempts to solve the problem of unemployment and to overcome the crisis by way of reforms of the mechanism of distribution alone are destined to remain fruitless; the only matter of any avail in this connection is a change in the mode of production itself. Until that time the restriction of the productive forces (inclusive of technology), with the accompanying lack of goods and shortage of workers, assumes to the superficial observer the paradoxical form of over-production and excess population.

The hopelessness of a strictly capitalist solution of the unemployment problem has led to various proposals of a more or less "extra"-capitalist nature, mainly three. In addition to the ideas of planning, which for the most part proceed from the monstrosity of a capitalism conceived as stationary, holding it possible by means of a suitable policy with respect to money, credit and prices to bring about a socially stable equilibrium between production, consumption and profit and which in practice nevertheless merely promote the concentration of capital and accordingly intensify the crisis and unemployment in the same measure in which they try to operate against them; and apart from the consistent demand so often heard for a complete state capitalism, which at any rate presupposes a thorough overturn of the present property relations, there has also arisen a backward looking movement which has reference mainly to agriculture and which, under the name of Agrarianism, has its spokesmen especially in the southern states of the Union.

Agrarianism, in the conception of its representatives, is to be regarded as the antithesis of industrial capitalism. The self-providing farmer who has made himself free of the laws of the market is here regarded as a model to be initiated not only on the part of the majority of the present farm population but also on part of the urban unemployed.

As a matter of fact, however, the condition of self-sufficiency, whether desirable or not, is possible only as an exception to the social rule. The great majority of the farmers cannot, owing to the high degree of specialization already attained, fall back into these primitive conditions. That part of the farmers which has been <u>forced</u> into primitiveness can look upon its position only as a temporary relapse, to get away from which, by all means at command, is the matter of moment. Those elements which have swarmed back into agriculture from the cities are either members of the farming popu-

Iation or people with savings who, by reason of the crisis, invest their holdings in farm property with the hope of thereby being in a position to spend their final years in a peaceful tho modest manner. Even the farm tenants making a new start in life are obliged to have enough capital in order to find the change from the city to the country to be at all possible. The lease obligations preclude for these people any adjustment to self-sufficiency; they are rather, in order to be able to exist, compelled to engage in the keenest competition.

The whole previous development of american agriculture is opposed to the possibility of the agrarian idea; as it is also opposed to the alleged solution of the unemployment problem contained in this program, a return to the days of the covered wagon. Pioneer activity had reached its end as early as about 1890; there was no more tillable free land. With the setting in of the technical revolution in agriculture, the number of workers engaged in it declined. With the recession of industrial expansion and with the increase of unemployment in the cities, arose the permanence of a situation in which over-population on the farms was combined with over-production of farm products.

II

Not only from the standpoint of a planned economy thinking in terms of use values, but even from the standpoint of the present mode of production no way out of crisis and unemployment is to be found other than thru the further expansion of the social forces of production. Any <u>real</u> attempt at solving the crisis must take the direction of liberating productive forces which are now held in the dormant state, however much this solution may accentuate the finally fatal contradiction between productive forces and relations. The impossibility of any real planning of capitalist activity precludes not only that the productive forces will be restricted because of a recognition of the consequences to which their further development would give rise; it precludes also the opposite policy, that of consciously promoting them. The strangling of the productive forces during the crisis is a <u>compulsory</u> one; while at the same time the crisis <u>forces</u> the addption of measures which bring with them a greater or lesser overflow of the productive forces in the excessively narrow bed of the productive relations.

Any theory of a conscious limitation of production with a simultaneous rise in mass consumption for solving present contradictions is doomed to remain in the theoretical stage and is only a piece of propaganda designed to conceal the actual situation. If possibilities for new capital investments are present, they are also

seized upon, without regard for the social consequences, since every capitalist concern can act only on the basis of its individual needs. Capitalistically, as well as in general, crisis and unemployment can be overcome only by way of increased production. To make this possible within the framework of capitalism is the aim of all capitalistic strivings. There are hundreds of thousands of projects for agriculture and industry, fabulous possibilities for the expansion of production,--scientific and other literature is swarming with them,--the actualization of which, however, hinges upon their profitability. All the efforts of capital are therefore directed to reestablishing a basis for increased surplus value, hence to the appropriation of a greater mass of surplus labor. From this point of view, the shortening of the work day, of the labor time, as a solution of the unemployment problem is likewise rejected by capital.

The well-known demand of the Roosevelt Administration for the limitation of production, this also was raised only so long as the actual stagnation would have made the opposite demand as well a matter of no concern. This demand was in harmony with the process of cartelization and concentration of monopoly capital during the deepening of the crisis. It helped to extend the stagnation of the large capitals to the whole of capital, and thereby prevented in part the realization of extra profits by smaller capitals, which paradoxically and for a time had possibilities of accumulation which were precluded for the large capitals. With the slight upswing since 1934, however, the program for the limitation of production was allowed to drop; in fact, it began to be opposed, as involving artificial and restricting price schedules which the country was unable to bear. More elbow room to business became once more the order of the day.

More unpaid surplus labor and less paid labor is the final secret of the reestablishment of profitability, and this presupposes the expansion of the field of production and the raising of productivity. Anyone who wants to exploit more workers is obliged first to exploit a given number of workers more intensively. Anyone who wants to exploit at all must continually increase the rate of exploitation. It is not necessary for this law to enter the consciousness of the capitalists; but their most immediate necessities compel them to those actions, and to only such, which would be taken if this law were a part of their habitual consciousness. With the far from exhausted possibilities of exploitation of the world before their eyes, incapable of harmoniously adapting their activity to the limits of profitability, even if these limits were known to them,

the whole class of capitalists, or the entire movement of capital, must, like each individual capitalist, be adjusted to further leaplike expansions. The difficulties with which capital is faced in its attempts at reestablishing profitability and the progressive accumulation of capital bring with them, regardless of all the optimism, a great fear of disturbances of this process thru the reactions of society to the intensified exploitation. A great army of unemployed must be on hand to keep wages within limits if the tender bloom of the rehabilitated capitalist paradise is not to be nipped in the bud. This army must, at the same time, be mighty enough to enable the expected increase of employment, together with the relative displacement of workers, without for that reason essentially diminishing the rate of exploitation. A deficiency in unemployment brings capitalistic successes into question. However much, on the one hand, unemployment is looked upon as a burden, it is no less also a guarantee of the stability of present-day society. In particular, the international competitive struggle and the imperialist policy conducted with a view to raw materials and export of capital and commodities, and which at the same time is the process of reorganization corresponding to commodity economy within the framework of the world economy, and which has its culmination in war, requires a superfluity of population and makes the over-population into a mighty, however horrible, instrument of capitalist expansion of the productive forces, which are always at the same time forces of destruction.

> "That the natural increase in the number of workers does not satisfy the requirements for the accumulation of capital, and yet all the time is in excess of them, is a contradiction inherent in the movement of capital itself." (Marx: Capital, Vol.1, page 704)

Thus we have, on the one hand, the fear of unemployment and on the other the fear of its loss, a fear which comes to expression particularly in the ever louder complaints about the dangers of the declining birth rate to humanity in general and about the decrease of population to the further destinies of capital.

After all previous crises, the reestablishment of a sufficient appropriation of surplus value, that is, the assuring of profitability on a lower value and price level, was bound up with an increase in the absolute number of workers. Today also there is no prospect of a new upswing unless success is attained in binding up with the expansion of the productive equipment an increase of exploitable workers. The accumulation must be so strong that it results in new opportunities for work. The success does not depend on additional employment of workers; and

yet a success is only possible on condition that the upswing is so great it draws more workers into production. So that to anyone who, in spite of all the unemployment and in spite of all the stagnant means of production, expects a further progressive advance of capitalism, the present productive equipment and the present number of workers are necessarily inadequate. The external compulsion which governs the movement of capital is stronger than any insight of the capitalists involved. The urge to accumulation, that is, the self-preservative instinct of present-day society, does not admit of conceiving unemployment simply as unemployment. The social activity must be carried on in such manner as if an actual shortage of workers existed.

TO THE RIGHT THERE IS NO LIMIT

In France, the "Communists" have made tentative proposals for the formation of a "French Front" (Front Francais), which would involve a widening of the Popular Front to include even fascist groups. Still more incredible is the recent manifesto of the Communist Party of Italy, which advocates the "brotherly union of the people of Italy thru the reconciliation of Fascists and non-Fascists". We published this manifesto in the previous issue of the Council Correspondence. We now reproduce an appeal of the Central Committee of the Communist Party of Germany, printed in the "Deutsche Volkszeitung", No.31, of October 18,1936. The following is a faithful translation:

"On May 1, 1935, Dr. Ley promised to introduce the fair wage.

"It is high time for the "German Labor Front" to be brought into action with a view to increasing the workers' wages to correspond with the increased output and the higher cost of living. Let us all in common see to it that at last a fair wage be paid!

"German peasants! the 1932 program of the NSDAP approves your demands for fair prices and the breaking of interest slavery. . . . We should all require that these demands now be converted into fact.

"The 3000 millionaires with the old reactionary Schacht

at their head, who in 1924 was one of those who subscribed to the Dawes Tribute Plan, have hitherto maintained their privileges without scruple.

"The 3000 millionaires have once already driven Germany into defeat.

"The 3000 millionaires are further interested in a new war because they make billions in armaments.

"The 3000 millionaires want to keep wages down, for the higher then is their profit.

"The 3000 millionaires play one section of the people off against the other, for the better then can they remain on top and make their profits.

"Must all that remain as it is, German people? We are able to change it, all of us together. What a great power is represented by the millions of the people against the thin stratum of the 3000 millionaires, if we all desire to be reconciled to each other again, so that the people's will becomes the highest law, and not the egoism of the 3000 millionaires.

"You, National Socialist - you, Social Democrat - you, Catholic - you, Communist - you, worker - you, peasant you, artisan - you, technician: do we not all, sons of the German people, have the same longing for a life in peace, joy and well-being? Do we not all today have the same distresses?

"Let us pledge true comradeship for the defense of our vital interests and of peace, for the defense of Germany against the grasping upper crust of 3000 millionaires! "

Any worker who has retained some measure of political sanity will now be able to understand what Stalin meant when he told Roy Howard that the idea that the Soviet Union had any "plans or intentions of bringing about world revolution" was tragi-comic misunderstanding.

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By the Groups of Council Communists of America

The period of progressive capitalist development is historically closed. The decline period of capital, a permanent condition of crisis, compels to ever greater convulsions of economy, to new imperialistic and military conflicts, to ever increasing unemployment and to general and absolute impoverishment of the workers. Thus is given the objective situation for the communist revolution in the capitalist countries. For the working class, there is only the revolutionary way out, which leads to the communist society. No one can deprive the workers of this task, which must be carried out by the class itself.

The publishers of Council Correspondence see in the acting self-initiative of the workers and in the growth of their self-consciousness the essential advance of the labor movement. We therefore combat the leadership policy of the old labor movement, and call upon the workers to take their fate in their own hands, to set aside the capitalist mode of production and themselves to administer and direct production and distribution in accordance with social rules having universal validity. As a fighting slogan and statement of goal we propose:

All power to the workers' councils! The means of production in the hands of the Workers!

"SOVIET" - RUSSIA TODAY.

The sixteen shots which killed the old bolsheviks in Moscow found their echo in the world. Attempts were made to solve the "puzzle" as to the reasons of this slaughter. Outside of the Moscow "communists", the opinion prevails that the Moscow Trial was a grandiose frame-up similar to that of the Reichstag fire trial. All kinds of ideas are presented in this respect, but no real analysis is given of the reasons for these murders. The question "guilty or not guilty" raised in the labor movement will find no answer. The question is stated wrong; it does not touch upon the essentials of the case. For the present official labor movement, it is simply impossible to deal with the situation in Russia objectively because all real criticism on Russia is also a criticism on the old labor movement generally. Those socialists and communists who find their ideals fully or partly realised in Russia are incapable of grasping the naked social brutality of the Russian conditions without also recognizing the shabbiness of their own ideals. To understand the Russian development from October to the day of the killings of the October heroes presupposes a realistic understanding of the structure of the country. Neither Otto Bauer nor Trotzky, whose utterings of indignation today fill the press of the neo-Moscow labor organizations, possess such an understanding.

The Bauer's and Adler's, for whom Russia is the country of growing socialism, speak with surprise of a backslide into barbaric conditions. To them the killings are a "misfortune" for socialism in general. No one can expect those people to recognize that it is precisely their own "ideal" which turned once again and openly into "barbarism". And Trotzky, against whom all the filth of the paid and unpaid Russophiles is thrown today, - what can he possibly answer. Will he prove to us that throwing dirt was also a specialty during the times of his own ruling, and that long before Stalinism, it was customary to kill communists and workers; that such actions belong to the necessities of the Russian system? No, Trotzky does exactly the reverse, and nothing else can be expected from him. The workers of Kronstadt were killed by order of Lenin and Trotzky because their aims were in opposition to the bolshevik state of 1920. In our opinion it doesn't matter whether Stalin or Trotzky issue orders to kill or deport opponents. What interests us are the reasons for these drastic acts.

Why were the insurgents of Kronstadt and the sixteen old Bolsheviks, both of which were communist groups within the Russian understanding of Communism, outlawed and killed? Because they differed with the rulers in the Kremlin. When a state, supposed to be communistic, kills and deports communists, the question comes to the fore: which one is here communistic, the state or the communists? The answer to this question is the starting point towards a clearer understanding of what is going on in Russia.

Essential Moments in the Development of Russia During the Last Years.

Lately, a series of extremely reactionary laws have been passed in Russia. For instance, the prohibition of abortions, the creation of new ranks in the army, new authoritative school regulations, etc. Most of these laws have cultural-sociological purposes and are only comprehensible if related to the underlying economic reasons. And here it is only necessary to remember Stalin's speech of June 1931 at a meeting of leading russian economists. The press of the Communist International regarded this speech of "historic importance"; which it undoubtedly was. Stalin demanded the total abolition of the, until then, relative equality of workers' wages and favoring instead wide-spread wage differentiations. He further demanded the complete abolition of the relative collective leadership in the factories and its replacement by the personal initiative of the director who is responsible only to the state. The most important point in Stalin's speech was

the demand for the establishment of the principle of profitability in all enterprises. His speech was followed up by a series of corresponding laws. More than thirty wage-graduations, the differences ranging here from 100 to 1000 rubles per month, were put into effect. The voice of the workers in the factories was absolutely quieted. The red directors became the autocrats of the enterprises; the profitability of the factory became the most important factor ;the rationalization of the labor process was illustrated by the further extension of the piece-rate system.Exploitation was increased in all possible ways.

Soon thereafter the trade unions were subordinated to the labor commissariat and ceased to function as instruments for the betterment of working conditions. The unions were reduced to organizations for social insurance and became propaganda instruments of the state in its endeavor to develop the productivity of labor. The consumers-cooperatives were "reorganized"; the directors of the productive enterprises could use them now "to give the better workers better means of consumption". Until then there existed among the working class, as already stated, a relative equality in the living conditions even though this was rather an equality of misery. Now, with the differentiations in the living conditions, there also arose differences in interests and with it, differences in the position of the workers towards the state and its social arrangements. A period which had been favorable for the creation of a rather unified social ideology had found its end. Stalin said in his speech: "To restrict ourselves to the old sources of accumulation is impossible. The further development of industry and agriculture necessitates the adoptation of the principle of profitability and accelerated accumulation". In capitalist countries when, due to the scarcity of profits, accumulation is slowed down, the capitalists increase the exploitation of the workers to overcome this situation. The "first and only workers state" has no other methods. The all powerful state in place of the former capitalists continues the capitalistic method to secure profitability by increasing exploitation. As production itself, so also the accumulation of capital, shows that there is no difference in the relation between workers and capitalists in general and those of the Russian workers towards the state especially.

Those people who believe in the socialistic character of the Russian Society must ask themselves the question: why is it that the workers, the "collective owners" of the means of production, show so little interest in increasing their "social property" that Stalin has to use the whip to remind them of their duties?

Yes, the state had to make laws "for the protection of the social property" because it was afraid the workers would take their property home with them. Are the Russian workers really so stupid and short-sighted not to realize their real interests?

The Russian worker cannot fail to recognize that he stands in no direct relation to the means of production or to the products of his labor. He cannot develop a direct interest towards social problems within the russian state of affairs, for he is a wage slave just as his brothers outside the borders of the USSR. It is not even important whether the Russian workers clearly realize their position in society, or if illusions still becloud it. The fact is that the workers act in the only way an exploited class can act. And, correspondingly, irregardless of whether Stalin is fully conscious or not of his position as the central pivot of an exploiting society, what he has done and what he can do express the necessities of such a society.

Russia is not capitalistic since yesterday; it became capitalistic with the abolition of the last free-elected workers' councils. By 1931 the Russian economy had removed all elements foreign to its capitalistic structure. Those old Bolsheviks who were not able to help Stalin's course to success became bitter opponents to his regime and had to be eliminated. The dissolution of the Organization of the Old Bolsheviks in 1935, the deportation of many of the members, clearly shows that the present regime will, and has to, eliminate those out-dated traditions which are personified in the Old Bolsheviks. The latter, and also the class conscious workers, the communists, become more and more incapable to defend and support the policies of the government. They become valueless for the state machinery and this the more so as they recognize ever clearer their functions as slave drivers of the exploiting hierarchy. Others with less scruples aim to get their positions and push them aside. Their competitive power is based upon the fact that they are unhampered by traditions and also in their lack of sympathy with the working class.

An increase of exploitation presupposes the enlargement of the exploiting apparatus. The working class cannot exploit itself. An apparatus is needed whose human members do not belong to the working class. Bureaucrats, professionals, "commanders of industry", as Stalin calls them, based on a broad layer of the labor aristocracy are necessary. These bureaucrats are aiding the ruling clique, from which they receive privileges that raise them above the level of the

average worker. Despite the empty talk about the "transition into a classless society", there has developed a new ruling class in Russia. The workers sell their labor power to this new class of functionaries leaders of cooperatives and enterprises, and to the bureaucracy ruling production and distribution. This colossal apparatus is the buyer of the labor power. It rules collectively and autocratically at the same time. It does not produce value, it lives on the surplus value, on the labor of millions of wage slaves. The ideology of this privileged strata is not the workers consciousness. Interested in exploitation, this exploitation forms their ideology. In bitter enmity, the bureaucracy fights all tendencies in society turning into the direction of the abolishment of exploitation. In order to maintain its own privileges, the bureaucracy will use any and all means to destroy the forces that threaten to do away with privileges. To make itself secure, it will liquidate all the material relations brought about by the October revclution which opposes or might oppose the needs of the new exploiting class. Therefore it has to kill off the remnants of the revolution to which the old Bolsheviks belong.

In order to get the gigantic mass of surplus value for the building and transforming of the entire economic system in Russia, it was necessary to develop a vast class of slave drivers, parasites and exploiters. This new class develops in contradiction to communism. The open gap in the structure of the exploiting society, expressed in the absence of a clear recognizable exploiting class, was closed. In this must be seen the essential development in the last few years in Russia. It is today a complete capitalistic state in all its forms of life. The workers, too weak to be able to organize production in the name of the class, left the field to the party. The latter, only able to recognize partial interests, accomplished in Russia exactly what the private capitalists did in other countries. The Bolshevik Party, taking over the historic role of the bourgeoisie, became itself the bourgeoisie and developed the productive forces to the point which the bourgeoisie in other countries had reached long ago. It has already become a hindrance for the further development of the productive forces and for human progress in general just as the bourgeoisie everywhere else. There is no need for the disqualifications of persons who functioned as the rulers in this period of development in Russia. It is necessary to realize that any other person or party in place of the present would have been forced to function precisely in the same way.

Class Relations in Russia
In Agriculture

The differentiations in the living conditions between the workers and the bureaucracy during the first five year plan could not be fully developed. The bureaucracy still needed the workers in order to conquer the agricultural part of the Russian economy. And - opposite - in order to consolidate its position in industry, it had to win a decisive influence over agriculture. The anarchic character in agricultural relations was dangerous to the general economic development and therefore dangerous to the ruling clique itself. The introduction of modern productive methods was a historical necessity for Russia's peasant economy. Any government would have had to contend with it. First, in order to cheapen the production costs of the wage workers; and second, to develop the home market. The bureaucracy collectivized the farms in the name of socialism; the slogan was needed in order to mobilize the workers for this policy. The opposition on the part of the peasants necessitated close cooperation between the workers and the bureaucracy . How difficult it was at first to introduce the collectivization was illustrated by the emigration of tens of thousands of peasants and the deportation of other thousands to the polar regions and Siberia. Until the success of the collectivization drive, there existed individual small farms which were in a large sense independent from industry and therefore also independent from the leaders of industry. The peasants had no needs which would force them to unite with the industries. To bring about such needs, it was necessary to do away with the isolation of the peasants.

In order to develop agricultural productivity, it was necessary to introduce the products of industry, such as tractors, combines, etc. Today 87% of the cultivated land is collectivized; 300,000 tractors are in use. The whole of agriculture is fundamentally changed and with this its relation to the other parts of Russian economy. The peasants are greatly indebted to the state; their isolation has been broken and they become more and more conscious of their dependence upon the state. They are under the influence of the governmental price policy, exploited by indirect taxation and pressed by the government credit institutions. Last year an interesting policy occurred. The state ceased to sell the large means of production to the collectives but, instead, rented them out. The state set up a few thousand motor-and-machine stations for this

purpose which increased the influence of the bureaucracy over the peasants still further.

The collectivization brought about a new form of productive method, the so-called "artel" which means a relative loose combination of owners of agricultural means of production. Machines and buildings are used collectively. The artel is a new form of property relation. It produces with necessity not only economic inequalities but also ideological differences. Furthermore, wage labor is continued in the artel. Wages are paid according to the quantity and quality of the work delivered. The artel can also employ workers who receive nothing but their wages, in which case the artel functions as the exploiter. To become a member of the artel is possible only if a peasant brings with him property sufficient to satisfy the majority of the artel members. With the use of modern machinery, and the rationalization of the labor process, the artel allows an enormous increase in production. The recognition of this fact on the part of the peasants made the artel popular and drowned out the previously existing opposition. With this, the whole of agricultural development tends towards the slow transformation of the peasants into wage slaves. As yet the peasants have not realized their possible future. They only see the surface of the new relations with its peasantness of an increased income. At present the government can, corresponding to this situation, rely more on the peasants. It can play one class against the other, and as a matter of fact, the whole policy of the bureaucracy since the successful collectivization is a balance of power policy: the workers are played against the peasants; the peasants against the workers.

Today, with the beginning of the "classless society", we have in Russia three main classes: the workers are propertyless; the peasants, under the control of the state, own their property collectively; the bureaucracy owns and rules the industries and tries to get the whole of agriculture also under its absolute control. These class relations produce ever new differentiations in the life of the diverse classes. The poor and exploited workers have to strive towards the abolition of exploitation; the peasants demand the cheapening of industrial products which means the increase of the exploitation of the workers; the bureaucracy presses profits out of both classes.

The Situation of the Workers

With the development of the russian capitalist economy, the commodity character of labor power becomes clearer. The tremendous wage differentiations became

extremely brutal when the differentiated buying power of the ruble disappeared. Until 1935 the subsistence minimum of the low paid workers was somehow guaranteed. Since then the money-wage became the only measurement for the individual consumption of the workers. The action of the law of supply and demand raised the prices. The bureaucracy advertised the price increase as a price reduction, and for the better paid strata and the bureaucracy which before was largely forced to buy on the "free market", it was actually a lowering of the prices, but for the workers it was a tremendous price increase which reduced their consumption to a large extent.

The total sum of all wages and salaries paid in 1936 was 63.4 billion rubles. The total number of wage-and salary employees, according to the Moscow statistical bureau, amounted to 24,100,000. This means an average income of 220 rubles per month. This is, in relation to the price level existing, a lower average wage rate than exists in any of the western European countries. Consumption goods are three to four times more expensive than in other countries. Compare for instance the price of a pair of shoes, that is 50 to 70 rubles, with those wages. The average price for black bread is 0.70 rubles per kg.; for better white bread 1.20 to 1.50 rubles. Milk per quart 1.50 rubles. Beef 9 rubles per kg. Butter according to quality 18 to 26 rubles per kg. An ordinary shirt costs about 20 rubles. The great mass of the Russian population lives today, nineteen years after the revolution, only a little better than during the times of the Czar. Consumption goods of a better quality are not, for a time to come, within the reach of the masses of the country. The statistics of the second five year plan explain this clearly. The total production of shoes will not even, in 1937, be more than 180 million pair which means that at the end of the year there will be at the disposal of each Russian, one pair of shoes. According to the plan, the total consumption of butter will, in 1937, be brought up to 180,000 tons. When we assume that one-half of the population buys butter, then only five pounds per head per year can be distributed. But so far, even this is only realized on paper. The housing problem is still worse. According to official Russian statistics, the average room alloted to one person is about three and one-half qui. There is no hope that this situation will be relieved soon as the building industry constantly remains behind the increase of the urban population.

Under such conditions, it would be a mystery if the workers should not realize their position as an exploited class. Especially so in face of the fact that

the "commanders of industry", the bureaucracy in general, lives under far better conditions. Here salaries are drawn which start with 1,000 rubles per month. Once there existed a so-called party minimum which meant that party members could not draw more than 7,200 rubles per year. Today the sky is the limit.

Stakhanovism

An increase in mass consumption is absolutely necessary for Russia. The ruling class knows this, but ruling classes do not share their part with the poor. Under the Russian capitalist economic relations an increase in the living standard of the masses is only possible if capital increases relatively faster than mass consumption. Each increase of mass purchasing power means a still faster increase in the rate of exploitation. Marxism calls this process the relative pauperization of the workers. This is precisely what is taking place in Russia and which is falsely designated as Socialism. "Stakhanovism", the increase of productivity by better productive methods, is now largely adopted in Russian industry and agriculture. The wages of the Stakhanovist workers are raised by 100%, but their productivity is often raised tenfold. Whatever statistics may be considered, they all show that the wage increases are only a small fraction of the increases in productivity. The higher wages indicate an increase of exploitation. The part which goes to the workers becomes relatively smaller in proportion to the value created by the workers.

Slowly the workers realize this situation. With the decrease of the piece-work rates which follow each increase in productivity, the more class conscious workers come into opposition to Stakhanovism. Often Stakhanovists are beaten up by their colleagues. Many were killed. The attitude to the Stakhanovists taken by some of the workers is the same as towards ordinary strike breakers. But "Stakhanovism" will advance in spite of all this opposition. It allows a part of the working class the possibility to advance its standard of living. A strata of workers develops which supports wholeheartedly the bureaucracy as many better paid workers support their bourgeoisie in other capitalist countries. Thus the power of the working class is weakened. The general misery resulted in a general desire to fight against it. The chances which are now given to individuals to escape their misery will divorce those individuals from the class conscious workers.

The ideology of the Stakhanovist worker can be best described as a petty-bourgeois ideology. His home is

his world. He feels himself elevated in relation to the bulk of the workers. He talks of the non-Stakhanovists as of human beings of a low order who should be thrown out of the factories. He is conservative and sticks to the government whatever it might do. He bends before his superiors and steps on his subordinates. He has a saving account and invests money in government bonds. He is very much concerned in receiving interests, an income without working. He hates the real communists and applauds Stalins' attacks on the left oppositionists. Those people demanded the killing of those 16 old Bolsheviks. They will demand anything that their masters want them to demand.

The New Constitution.

The bureaucracy brought into power by grace of the workers needs, safeguards itself against the workers today. For this it needs allies and finds them in the peasants and the labor aristocracy. Class consciousness on the part of the workers is the greatest danger for all these privileged groups which have to destroy all beginnings of such insight. They began with the emasculation of Marxism. "Marxistically" they tried to prove the necessity and desirability of their privileges and the maintenance of the wage labor - capital relations, the party dictatorship, etc., posing all this as socialism. Every Marxist opposed to this counterfeiting became the deadly enemy of the bureaucracy. The political rights of the workers dating from the days of the revolution are radically done away with. The new Constitution of the USSR illustrates this clearly. It is designed to give a greater political weight to the non-proletarian layers of the country. A peasant vote amounted previously to one-third of a workers vote; now it has the same value. The fake democracy has to safeguard the privileges of the ruling clique. Not that Russia will copy early bourgeois democracy. On the contrary, its democracy is an instrument to safeguard the dictatorship over the workers. There is only one party; only candidates of the bureaucracy can be elected. The essence of 19 years of Bolshevism are best characterized by this new Constitution. All the real power belongs to the highest organs of the state. The "soviets" in the villages and cities have lost all independence. They can only function as organs of the state, as another police force. Every 300,000 voters will elect one representative which the party offers to the Soviet of the Union and one in the Soviet of the National Republics. The representatives of the former, together with the Soviet of the National Republics, then elect the High Soviet of the USSR. This one in turn elects a presidium in which all power is vested, including the

power to recall the High Soviet. This presidium together with the people's commissars elected by the Soviet of the Union functions as the government. The mechanics of this parliamentary system guarantee practically unlimited power to the government; then after all it is the government itself which proposes the candidates at the elections. The old dictatorship covers itself with a fake democracy. Otto Bauer of the Second International is very enthusiastic about the new Constitution, the new Democracy. He only regrets that in it his own party is still not represented. But for the workers, this fake democracy adds only insult to their exploitation.

State Capitalism and Communism

Russia must be considered as a capitalistic country and as a deadly enemy to communism. This will become clearer as time goes on. Communists will be haunted and killed in Russia as anywhere else. If some people still nourish the illusion that socialism will be "built up" in Russia sooner or later, they will find out that privileged classes never give up their privileges by their own free will. Whoever hopes that a propertied class will give up its property without a struggle nourishes a religion. Socialism cannot be "built up". It is either the direct product of the proletarian revolution or it does not exist. The revolution of 1917 remained a bourgeois revolution. Its proletarian elements were defeated. It did not do away with the basis of all rule but only removed Czarist rule. It did not do away with all property relations but only with the private capitalist property relations. Only if the workers take the power in their own hands and organize society for themselves is the basis for communism given. What exists in Russia is State capitalism. Whoever wants communism must also attack state capitalism. And in the coming revolution the Russian Workers have to overthrow this state capitalism. The Russian exploitation society, like any other exploiting society, produces daily its own grave diggers. The relative pauperization will be followed by the absolute pauperization of the workers. The day will come when in Russia once more, like in heroic October, but more powerful, the battlecry will be heard - "All Power to the Soviets".

- Raetekorrespondenz -

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RUSSIA'S LATEST EXECUTIONS - WHY?

A year ago the newly born Stakhanovism was already in full development. It made its first appearance in a mine where it promised, thru its unbelievable records, to revolutionize the rate of extraction of coal.

Months passed. The programs of the mines, as well as the rate of cutting down the mineral were augmented. The "heroes" were decorated while a dumb hatred against them grew among the workers. Here and there accidents were noted; the recordmen, in order to gain time, did not always take the necessary precautions, and on the 23rd of September 1936 a catastrophe came to crown the decade of overproductivity and to commemorate the first anniversary of Stakhanovism. In the bottom of the Tsentralnaia pit of the Kemerovo mines (in the Kouzbas, the second important coal basin of the U.S.S.R.) ten miners were torn to pieces and fourteen others were badly wounded in a gas explosion. The bitterness of the miners must have been considerable. The hated Stakhanovism was topping poverty with death.

Moreover, in spite of an intense propaganda carried on by the party and the trade unions, the extraction of coal remained the weak point of the economy, (only 85%, as 82% of the new program was said to have been reached in October and November.) Too much was being asked from these badly nourished men, groping in the oppressive atmosphere of norms that are never attained because they are constantly increased. The "all-powerful", who never concedes any responsibility for the failure of his own policy and the catastrophes it brings, had to find a scapegoat. It was time to resuscitate the classic saboteur.

This is our explanation of the most recent shooting that has just closed the trial at Novosibirsk. The other things were mixed in merely from habit, in order to make the most of the occasion. Indeed, there is German espionage and Trotskyism in the U.S.S.R., but hardly more than elsewhere. The shrewd folk who place them in every affair really exaggerate for themselves their conœption of human credulity.

After the public trial held at Novosibirsk (the administrative center of Western Siberia) the military college of the Supreme Court of the Union has just condemned to death nine persons, most of whom are technicians in the mining district of Kemerovo; eight

Russians: Noskov, Shubin, Kurov, Liashchenko, Andreiev, Kovalenko, Leonenko, Pieshkhonov; and the German engineer: Stikling. For the latter, Kovalenko and Leonenko the sentence was commuted to ten years in prison; the other six were executed. They were accused of having sabotaged the extraction of coal, of provoking catastrophes in the mine and of organizing terrorist attempts against the directors of the country with the aim of decreasing the military power of the country, of overthrowing the Soviet power and restoring capitalism. Those poor provinvials, living three thousand kilometres from Moscow, in the heart of Asia, were at least crazy if they nourished ambitions of such a large scale. This consideration suffices to prove how artificial is the affair.

No, there was not one defense witness -- who would dare? The facts that come closest to the case are the following: the mentioned catastrophe, the bad ventilation and lack of safety in the mine, and an unimportant automobile accident suffered by Molotov, the president of the Council of the Commissars of the People.

Once more the "saboteurs" seem to be only poor victims sacrificed in order to turn away the legitimate discontent of the workers from those who are the real guilty ones. The workers are especially miserable in a recently cleared brush as the Kouzbas.

The accused confessed to everything that was wanted. They were powerless, puny, in face of the conformism, cruelty and the power of the new social order. They would have owned up to having had relations with the devil himself, if that had been asked of them. Not so long ago, the Inquisition used to receive confessions, -- but that was another Church.

The OUTLINE STUDY COURSE IN MARXIAN ECONOMICS is offered as a help to instructors of study classes on the first volume of Marx's CAPITAL. It may also prove to be of value to students of such classes. The Outline attempts nothing more than to suggest procedure, to eliminate a certain amount of preparation and to allow for elaborations by the instructor in each session as well as in the study course as a whole. The Outline has already proved to be of some value in classes on Marx's CAPITAL arranged by the Groups of Council Communists in the United States, and it is hoped that others may also benefit from it. (Over 100 pages-50cents)

F A S C I S T C O R P O R A T I S M

Before the Seizure of Power

Fascism has put - or put back again - into the order of the day, the words: corporation, corporatism, the corporate State. Never have these words been used so much as in the last few years. But at the same time, there exists the greatest confusion as to their true significance. It is this confusion which we will try to dispel.

Corporatism is one of the baits which fascism holds out to the petty-bourgeois and to workers with the mentality of small bourgeois. First, in order to conquer them; then, once it is installed in power, to conceal from them its true face.

If one studies this a little more closely, one finds three things in the "corporative" demagogy of the fascists:

1. - The promise made to workers with petty-bourgeois mentality to "deproletarianize" them, certainly not by effacing the great difference of opinion between capital and labor, between employer and employee, but in bringing together, in reconciling those two factors of production. The promise is made to these workers that among these mixed "corporations" they will be able to live as small bourgeois; that the right to work will be guaranteed to them; that they will receive a "fair" salary; that they will be insured against their old age; and especially that their employers will treat them on an equal footing as real "collaborators" in production.

2. - The promise made to independent petty-bourgeois (artisans, small business men, etc.) who are victims of the competition between the great capitalist monopolies and on the way to becoming proletarians, is that fascism will revive for them a regime which is inspired by that of the middle ages, by the pre-capitalism era. This regime will no longer be that of competition and the most rigid laws, but a regime in which the little producers will be protected, organized, and will re-discover security and stability under the care of the autonomous "corporation".

3. - Finally, the promise is made that the political parliamentary State, parasitic and incompetent, will be replaced by a corporate State in the midst of which all producers grouped according to their trades will be entitled to vote, under whose care all interests will be conciliated and harmonized under the sign of the general interest.

This triple utopia of the small bourgeois does not properly belong to fascism. It is found thruout the entire 19th century. Nevertheless, it assumes quite different forms in the thoughts of the reactionary petty-bourgeois and in the thoughts of the reformist petty-bourgeois.

Reactionary Corporatism

At the beginning of the 19th century, there were many small bourgeois who regretted the recent abolition of corporations. Economic liberalism had thrown them defenseless into the capitalist jungle. Pitiless competition ruined them and made proletarians of them. And so they stood solidly across the path of progress and tried to stop it in its march. They wished to return to a period which ante-dated capitalism.

The reactionary parties (in France, the monarchist party) and the Church exploited these retrograde aspirations for their own ends and inscribed upon their programs the reestablishment of corporations. For the needs of the cause, the myth of medieval corporations was created, which was nothing but an enormous falsification of history. The "corporations" of the middle ages, as a matter of fact, resembled in no respects this myth which it is now maintained that they were. They existed only for a moment in the Middle Ages, and capitalism very speedily eliminated them, or entirely altered their character. They only appeared late and were only developed within a limited sphere, that of the artisan and the small business man. And even within this domain, there were free metiers. As against this, big business which was already flourishing in the middle ages, escaped the corporative regime. The bourgeois who created it were grouped in real employers' syndicates, quite different from "corporations."(1)

In proportion to the rate with which the mode of capitalist production expanded, the corporations masked a decreasing part of the economic domain. Thus it was that in France, the royal factories, forerunners of modern industry, were created outside of the old servitude of the corporative regime. When Turgot (1776)

(1). Tardy & Bonnefous: Le Corporatisme, 1935.

and then the Revolution (1791) abolished corporations in France, they were already dead of themselves. Capitalism had "broken the chains" (2) which shackled its development.

Moreover, even within the "corporation", the division of opinions between Capital and Labor, the class struggle, appeared at a very early date. The aristocracy of masters rapidly took all power unto itself and it became more and more difficult for a worker to come into possession of the rights and privileges of a free man. After the 17th century, the worker became a proletarian. The corporation was nothing more than a monopoly of caste, a "Bastille where a jealous and avaricious oligarchy was intrenched." (3)

However, in the middle of the 19th century, the reactionary parties and the Church pretended to resuscitate these medieval corporations long since surpassed in the evolution of economics. They saw a triple advantage in propagating this utopia:

1. - To draw into their ranks the retrograde small bourgeois.

2. - To turn workers away from socialism and syndicalism by offering them these "corporative" organizations as a substitute.

3. - To make a breach in universal democratic suffrage by opposing to it professional suffrage.

Thus it was that in France, since the first half of the century, a Pleiad of catholic writers (Sismondi, Buchez, Villeneuve-Bargemont, Buret, etc.,) denounced the misdeeds of competition and demanded the reestablishment of organized trades. The Count de Chambord, in his Letter on Workers, (1865) recalled that "royalty has always been the patron of the working class", and called for the "constitution of free corporations." From 1870 on, the Church officially incorporated "corporatism" in its doctrine. "The only means," declared the Catholic congress of Lille (1871) "to return to that peaceable state which society enjoyed before the Revolution is to reestablish, by catholic association, the reign of solidarity in the world of work."In 1894 Pope Leon XIII sent forth his encyclic Rerum Novarum in which, after having stated that "capitalism has divided the social body into two classes and has ex-

(2) Marx: Communist Manifesto, 1848.

(3) Martin Saint-Leon: History of the Corporations of Trades, 3rd edition, 1922.

cavated between them an immense abyss" he pretends to repair the ill by a return to the past: "For a long time our ancestors experienced the benevolent influence of corporations. And so, it is with pleasure that we see societies of this kind being formed everywhere." In his turn, La Tour du Pin, who was at one and the same time a Catholic and a monarchist, hoped that the corporation would bring together the worker and the employer, and "would replace, by a natural soldering, the artificial chains of its first hours."(4)

To these corporations, the reactionaries accorded but a consultative role. They did not intend to substitute them for the political State, but on the contrary they wanted to subordinate them closely to the State. Politics first!. For the Count de Chambord corporations were to become the "bases of the electorate and of suffrage." For La Tour du Pin, they were to be the "natural and historic electoral colleges of the body politic." But aside from them, there would be either the "patron" monarchy, or the authoritative State, of which the corporations would be but the "simple collaborators in their economic functions." (5)

Reformist Corporatism

While the reactionaries wished to return to the past, other ideologists, without demanding the reestablishment of the abolished medieval corporations, dreamed of transplanting their principles into modern society; dreamed of "organizing" work. But their aspiration was still confused. Saint-Simon wanted to divide the producers into industrial corporations. (6). His disciples maintained that the "regenerator principle" of the future society was not"different from the principles which reigned during the organization of the middle ages."

"Some legislative resolutions had as their aim the establishment of order within industrial acts. There was also an institution which made a particular impression on souls in its last days, and which responded to the need for union, for association as much as the state of society then permitted it; we mean to say,corporations. Without doubt, these organizations were defective in many ways. However, a bad organization was abolished, but nothing was built in its place.Although there have been institutions called corporations whose forms have been repugnant to us, it is not necessary to conclude that industrials ought not to combine into corporations, to produce from themselves those instinc-

(4) Saint-Simon: Du Systeme Industrial, 1821
(5) Doctrine de Saint-Simon,Expose Premiere Annee,1829
(6) De la Capacite Politique des Classes Ouvrieres,1864

tive efforts whose manifest tendency is to bring order by leading towards a new organization of work." (7)

Proudhon, in his turn, wished to "construct upon new relations those natural groups of work, working-men's corporations." (8) He affirmed that "the 20th century will open an era of federations. The industries are sisters; they are the dismembered parts, the one of the other. They should therefore become federated."(9)

But the social reformers of the first half of the 19th century had not yet a clear idea of the great difference created by capitalism between Capital and Labor, between employer and employee. Or, if they were conscious of them, they dreamed of putting an end to these differences, of keeping alive or causing to be artificially reborn, the small independent producer. For the saint-simonions, the term "industrial" indistinctly signified all producers without clearly stating whether they were concerned with the producer-employer, or the producer-worker. When Proudhon speaks of corporations of working men, he means corporations not of employers and workers, or of workers alone against their employers; but of small independent producers saved by 'mutuality,' 'free credit' or some such medication. In the place of having understood or wished to admit the difference existing between Capital and Labor, the social reformers of the first half of the 19th century remained within the domain of utopia.

But they marked out a line along which some of their heirs are hardily engaged: the revolutionary syndicalists. These revolutionary syndicalists take up again the ideas of Saint-Simon and Proudhon, "the organization of work", and "federalism", and they extricate them from all idea of utopia. They reject at the same time the idea of the corporations or small independent producers, the idea of <u>mixed</u> corporations (employers and workers united); the first, because it would be vain to oppose capitalist evolution, to try to keep alive or to resuscitate the small independent producer; and the second, because in the capitalist regime the interest of the employers and the workers are antagonistic, and to attempt to conciliate them, to practice the "collaboration of classes" would be trickery. The corporation of the syndicalists is a corporation of class. They struggle for the installation of a corporative proletarian society, after the <u>abolition of the wage system.</u>

(7) Du Principe Federatif, 1863.
(8) Vers un Ordre Social Chretien, 1907.
(9) Rocco: "Criso Dello Stato e Sindacati" "Politico", December, 1920.

But Saint-Simon and Proudhon have two very different posterities, the one of a revolutionary spirit and the other of a small bourgeois spirit. The reformists still keep one foot in utopia. Without doubt they have renounced the idea of corporations of independent producers. They are resigned to the gulf between Capital and Labor. But they hope to narrow this gulf by corporations marked by the "collaboration of classes". They would like, by the parallel development of patronal syndicalism and workingmen's syndicalism, by the obligatory competition of professional organizations and the practice of collective bargaining, to reconcile these two "indispensible" factors of production. They flatter themselves with the idea that they could share equally with the employer the economic administration at first within each trade and then within the framework of the entire nation, by the institution of an "economic parliament."

Only lately, in his Economic Federalism, (1901), Paul Boncour made of himself the brilliant interpreter of this utopia. Immediately after the war, this utopia was turning the heads of the reformists of a great number of countries, in Germany especially, but also in Italy, France, etc. Nearly everywhere the reformists believed that the hour had come for "democratic economics", for the corporatism of the "collaboration of classes". And in spite of all the deceptions experienced, it is still upon this utopia that the international reformists are building. Thus it is that in Switzerland, the trade unions decided to accept the principle of "professional communities", uniting employer and worker. In Austria, a little before the debacle, the Wiener Arbeiter Zeitung wrote that the social-democracy "could well admit the idea of corporations". In Belgium, De Man calls for "a mixed organization of production placed under the sign of corporatism", and in the plan of the P.O.B. that mixed organization "is going from syndical recognition and the generalization of collective bargaining to the establishment of an Economic Council in place of the Senate". (10). In France, the most important part of the plan of the C.G.T. (Federation of Labor) is the national Economic Council "composed of qualified representatives designated by the most representative organizations of patrons and workers". (11). And the International Syndical Federation itself dreams of "a true corporate State which should be effectively interpreted by the collaboration of employers and employees in the same organization or a common institution."(12)

(10) Corporatisme et Socialisme, Bruxelles, 1935
(11) Official Text of the plan of the Federation of Labor.
(12) "Le Mensonge de l'etat Corporatif" Le Movement Syndical International, Jan.-Apr.1934.

But should this "Corporate State", in the spirit of the reformists, absorb the Political State? No. They do not see as far ahead as did Saint-Simon and Proudhon. Saint-Simon hoped that the industrial corporations would be substituted for the political power, that the council of industrials would replace the government. Proudhon wrote: "That which we would put in the place of the government is industrial organization. More laws voted for by the majority. Each citizen, each community or corporation to make its own". (13)

And so Saint-Simon and Proudhon marked out a way which, transposed from an utopian plan into the realm of class, leads to syndicalism and revolutionary socialism. In the proletarian society, "the workshop will replace the government", the parasitic State will be replaced by the free association of producers. But the reformists, who want to install their corporatism within the framework of the capitalist regime cannot substitute the "economic" for the "politic". Syndical liberty, the condition sine qua non of the "collaboration of classes", such as they dream of, demands in itself democratic politics, and democratic politics implies universal suffrage and parliamentarianism. Also, they demand only the creation of a consultative role for the corporate organizations. For the authors of the Federation of Labor plan (C.G.T.), for example, the economic parliament "inspires the political power in its decisions."

Fascist Corporatism

We shall see how Fascism borrowed its corporative demagogy from the reactionaries and reformists at one and the same time. From the reactionaries it took the idea of the resurrection of medieval corporations of artisans and small business men; and it is especially to the reformists that it owes the idea of the "collaboration of classes", the idea of a consultative economic parliament. But upon two essential points it separates from the reformists and attaches itself to the reactionaries.

1. The reformists wish to institute their corporatism within the frame of a democratic political State; the fascists within an authoritative political State.

2. The reformists want their "collaboration of classes" within each corporation under a regime of syndical liberty. The fascists, on the contrary, do not hide their intention of taking as a basis of their corporate State,

(13) The general idea of the Revolution in the 19th Century.

not the free syndicates of workingmen, but syndicates put under guardianship.

In Italy, Mussolini had a model before his eyes: the "corporate" constitution promulgated by D'Annunzio at Fiume (September 8, 1920), which, however, was never put into application. This constitution was, from certain angles, sharply reactionary in inspiration. It created in the small town of Fiume, which was very little industrialized, ten obligatory corporations in full possession of autpnomy, "such as were established and carried on in the course of four glorious centuries of our communal period." But its author, the former militant syndicalist of Ambris, introduced equally the reformist idea of an economic parliament composed of sixty members and elected by the corporations. (14)

In another way, Mussolini borrowed directly from the ideology of Italian reformatism. During the occupation of the factories in 1920, a delegation of militant syndicalists close to the Ministry of Labor offered the cooperation of the workers to the administration of enterprises "as being more likely to assure Italian industries a better yield." And in its motion of September 11, the Federation of Labor invoked the "superior interest of national production". From this language to that of the fascists of the following years, the connection is direct. On October 31, 1921, the central committee of the Fasci "affirmed that in the superior interests of the nation, the industrialists and the workers must search for all possibilities of accord." And it proposed the principle that "the two factors should condition each other and become integrated within the realm of production." On March 15, 1923, the fascist Grand Council demanded that all the syndical organizations (employers' and workers') assure "the effective collaboration of all the elements of production, in the supreme interest of the country." The fascist historian, Volpe, maintained that "the germ of the corporate regime is founded upon that resolution." (15)

At the same time, Mussolini borrowed from the reformists the idea of a consultative economic parliament. About the time when the Italian Federation of Labor proposed that the laws be elaborated by a "consultative body of syndicates," he wrote to a friend: "In the future, we shall see multiple parliaments of competents substituted for an unique parliament of incompetents." (16)

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(14) Ambrosini: D'Annunzio et la constitution syndicale de Fiume, "Revue de Droit public", 1926, p.741.
(15) Histoire du mouvement fasciste, Rome (in French)
(16) Letter of April 23, 1918, quoted in "Temps", Dec.19, 1934.

At the constitutive assembly of the Fasci on March 23, 1919, he declared: "Actual political representation cannot suffice us; we want direct representation of all interests. One could offer as an objection to this program that we are returning to corporations. What does that matter?"

And, in fact, the fascist program of 1919 demanded the "creation of national technical councils of labor, industry, transportation, etc., elected by the collectivity of professions or trades, with legislative powers, and the right to elect a general commissioner with power of minister."

But here the reactionary inspiration re-appears; the fascists understood "politics first" in an entirely different way from the reformists. The political State to which they would subordinate the corporate organizations was already, in Mussolini's mind, the authoritative State, and the "parliament of competents" was in reality a war machine directed against the "parliament of incompetents", against democratic parliaments.

Moreover, the fascists counted upon building the future "corporate State" not upon the basis of free workingmen's syndicates, but upon the basis of "fascist syndicates", created beginning with 1921 which constituted above all a war machine directed against free syndicalism.

In Germany.

In "National Socialism" the reactionary inspiration is equally visible. It must not be forgotten that in Germany, the medieval corporate regime survived up to the middle of the 19th century for independent trades, and that in the years that followed there was an attempt to revive them. Thus a law of 1897 accords to artisans and small business men the right to group themselves into corporations and this right could even be transformed into an obligation if the majority of the members of the trade demanded it.

From Fichte (17) until our days, numerous reactionary writers have extolled the reestablishment of medieval corporations, notably after the war. "It was logical", wrote Mueller van den Bruck, "that the attack against the parliamentary system which, among the revolutionaries was carried on under the slogan of 'councils', should be led among the conservatives under the banner of corporations. They are concerned with giving the corporations their due by understanding them, not his-

(17) L'Etat commercial ferme, 1800.

torically and romantically, but by inspiring them with modern ideas, by mixing corporative and syndicalist ideas." (18)

Gregor Strasser declared that "German socialism takes its point of departure from the spirit and continuation of the professional system of the guilds and the corporations of the middle ages." (19)

But at the same time, the Nazis borrowed the corporatism of "collaboration of the classes" from the German reformists. The laws called those of "socialization " of 1919, in the elaboration of which the reformists took part, admitted, for certain industries, a mixed administration by patron representatives and worker representatives. The Constitution of Weimar speaks of "assuring the collaboration of all the elements of production, of interesting employers and employees in the administration." (article 156)

And, on the same point, Feder extolled the "incorporation of employers and workers of the different economic branches into professional corporations whose aim would be to lead them, one and the other, from an atmosphere poisoned by the class struggle and to orient them towards the common aim,which is national production,with a sentiment of confidence and of reciprocal responsibilities." (20) Within these corporations, "employers and employees should sit in the court together with the same rights." (21)

The Nazis also borrowed the idea of a consultative economic parliament from the reformists. In the image of the Economic Council of the Reich, created in 1919, they proclaimed, in 1920, the creation of elected regional economic councils with a Supreme Economic Chamber at the head which would be charged with conciliating the diverse interests. (22)

But the Nazis understood "politics first" in an entirely different way from the reformists. The "Political State" to which they would subordinate corporate organizations figured in their minds as the authoritative State, and their economic parliament was in reality a war machine directed against democratic parliaments. "The elections," wrote Goebbels, "will no longer be made upon the basis of political parties,

(18) The Third Reich, 1923.
(19) Discourse of July 20,1925 in Kamp und Deutschland.
(20) "Fondements de l'economie nationale-socialiste"
(21) Daundered: "Les Buts du N.S.D.A.P."
(22) Program of the National Socialist Party, Feb.1920.

but on the basis of organized professions in the midst of the State." (23)

Moreover, the Nazis do not hide the fact that the "cornerstone" of their future "corporate State" will not be constituted of free workers' syndicates under their actual form, but of "disenfranchized" syndicates deprived of their representatives and placed under the strict guardianship of the national-socialist State.

Capitalist Magnates Against Corporatism

There remains for us to examine a very important point. What do the capitalist magnates, the money-lenders of fascism, think of its "corporate" demagogy? As long as the fascists had not yet seized power, the magnates saw more advantages than inconveniences in this demagogy. Would it not attract numerous petty-bourgeois to the fascist ranks? Would it not turn aside from the class struggle and free trades-unionism a certain number of workers? Would it not make a breach in democratic parliamentarianism?

But, if they were permitted to say so, the money-lenders of fascism are at heart themselves irreductibly hostile to all corporations, to all "collaboration of classes", to all relations "upon an equal footing of equality" with their exploited workers. In their enterprises as in the industry, they wish to dictate their orders, and not meet their personnel as equals. They fear, above all, that the exploited will demand a right to control their own affairs, and will claim a certain part of the economic administration. They do not forget their great terror after the war when the workers in Italy occupied the factories, claiming the right to run their production themselves; when in Germany, for several days, the councils of workers and soldiers were the only legal power. Therefore, they have systemmatically sabotaged all the plans for corporatism and workers' control whose principles they momentarily accepted. In Italy, the "workers' control" promised to the metal workers after the occupation of the factories (1920) was never applied. In Germany, the patrons systematically opposed the application of the laws called "socialization" of 1919, and refused to take part in organizations like the Councils of Coal and Potassium, refused every effective collaboration with the representatives of the workers. In Italy, in Germany, in no country do capitalist magnates want "corporatism", or, if they accept the principle, it is only after it has been rendered unrecognizable, emptied of all content. Thus it is, for example, that

(23) Goebbels: "Der Nazi-Sozi".

the French industrialist, Mathon, deplored the fact that "there are those who have dreamed of restoring corporations", seeing in that "a collaboration often pushed to the point of the workers' participating in the management and enjoying the benefits of enterprise." On the contrary, this realm should remain the hunting preserve of the boss. He says that "in principle, only the employers ought to direct an economic corporation. To them belong the enterprises which it constitutes; they should have, from this fact, the supreme direction of it, and the responsibility. They are more qualified for this direction. They alone can judge with clarity and a sufficiently large viewpoint, with necessary competence and experience. The necessity of a single leader is formal." (24) In consequence the economic corporation ought to be composed exclusively of employers. But, this domain being reserved, Mathon does not see the inconveniences of this when employers and workers find themselves in the "social" corporation and there debate together the questions relative to salaries and to conditions of work.

All French employers who have written on the "corporation", whether it be Maurice Olivier (25) or Lucien Laine (26) have given the same opinion: no participation of workers in the economic direction."That would be to fall into disorder." Hitler himself, in a moment of sincerity, expressed an analogous opinion. Otto Strasser asked him in 1930: "Then will 'the collier be master in his own home'?" Hitler replied angrily: "The present system is basically just; there can be no other. Co-ownership and co-decisions of workers is Marxism." (27)

The national German party, which calls itself national socialism when it speaks to the masses, expressed the intimate thought of a big capitalist when it inscribed in large characters upon its program of 1932, "We drive back the corporate State". (28)

And, in fact, we shall see that the next step in Fascism, once it is master of power, will be to drive back the corporate State which it promised in order to institute finally a ridiculous caricature.

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(24) La Corporation, base de l'organization economique, 2nd ed. 1934.
(25) Pourquoi, comment sauver l'economie nationale,1935.
(26) CF. Information Sociale, June 20, 1935.
(27) CF. Conrad Heiden: History of National Socialism, (German edition)
(28) The framework of this study being limited,we must imagine corporatism, especially here, under the interesting light of the working class; that is to say,

Footnote #28 continued:

mixed corporatism, or "the collaboration of classes". But all the capitalist magnates are also hostile to autonomous "corporations" for the independent petty bourgeois (artisans, small business men). They feel no need that small producers should be protected by such "corporations" against their competition. They are even opposed to a "corporate State" in the midst of which all interests would really have a voice in the court. They do not wish to harmonize their interests with other interests, but they want to make their interests prevail in wiping out or ransoming all others.

- Daniel Guerin -
From "Revolution Proletarienne".

(D.Guerin: Author of "Fascisme et Grand Capital", just published by Librairie Du Travail, 17 Rue De Sambre-et-Meuse, Paris X. - price 18 Francs.)

NEW STRIKES -- NEW METHODS

The international character of the class struggle comes more clearly to light in direct actions of the workers themselves than in the paper-actions of the petrified Internationals. The real character of the proletarian class struggle is shown better in the most immediate necessities of the workers than in all the complicated theories of the leaders of Labor. This fact was very well illustrated in the last few years by the adaption of the "sit-down" strikes in various countries.

In Poland, Hungary, Spain, Belgium, France, England, and now also in the United States, workers have occupied working places in order to win their demands. Instinctively, as well as by intelligent consideration of the changed situation, workers have realized that it has become almost impossible to fight the bosses successfully by sticking to the traditional means of striking and bargaining. The new method of the "stay-in" strike resulted and results out of two different situations. It may be an expression of weakness as well as of strength on the part of the workers.

In fascist countries, or in countries with extremely

weak labor organizations, in order to fight against unbearable conditions, the workers have to use strike tactics which exclude immediate defeat. The absence of organizations for arbitration forces the workers into spontaneous actions at their working place. Staying-in in the mines, as it happened in Poland and Hungary for instance, was, under the prevailing conditions, the only possible way of forcing the bosses to consider the demands of the strikers. The difficulties involved in evicting the workers from the mines was the reason why this form of strike was first adopted by the miners. Those "hunger-strikes" aroused the laboring population outside of the mines, whose pressure on the authorities brought about concessions on the part of the bosses, even if only temporary, in order to relieve the situation.

Workers in Belgium also occupied mines and factories and thereby gained some results. In many cases they were driven out by soldiers or swindled out of their positions by the professional labor fakers. (Compare C.C., Vol.II,#5) The strikes in Belgium, greater than the attempts in Poland and Hungary, assumed at once political character. Arising out of necessity, it brought the real character of the struggle between labor and capital to the fore: the question of power became visible to the ideologically most backward worker. The alignment between state, labor leader,and capital, did not need to be proven theoretically. Simply by trying to strike for higher wages and better working conditions, a real revolutionary condition was brought about in which the workers, so to speak, learned over night that their real interest lay in the possession of economic and political power which, however, presupposes the destruction of the power of the bourgeoisie.

Even what little real action there was on the part of the workers in Fascist-Germany, it had to take place on the factory grounds. The absence of legal labor organizations brings about the development of the self-initiative of the workers, of actions and organizations based on the working place. Out of this arises new strike methods and also the necessary development of Committees of Action which are the forerunners of Workers Councils.

The big strike-wave which forced the Blum-Government in France to grant temporarily large concessions to the workers was successful only due to the adoption of the sit-down method. The occupation of the factories created an entirely new situation with which the bosses could not scope at once. Under the then existing conditions an attempt to drive the workers from

the factories probably would have meant civil war. The relative great strength of the French workers at that particular time allowed for the successful carrying thru of the sit-down strike on a large scale, without creating a real revolutionary situation at once. How close this form of striking comes to open revolutionary activity was made clear by the decision of the government never again to allow such a situation to arise. (Compare C.C.,Vol.II,#8.) Yet as long as powerful reformist labor organizations have decisive influence over the workers, even such mass occupation might pass quite harmlessly for the bourgeoisie, even if - in the long run - considering the development of revolutionary class consciousness, they might prove to be of considerable danger to the ruling class. But as soon as the workers have escaped the control of the professional labor leaders, this form of strike will seriously threaten the existing form of society. Recognizing this fact, all reformist elements abstain from advocating it. If, during the French strike, the labor organizations did not object directly to the new strike methods, it was because they felt sure that they would maintain control and leadership during the struggle. Sometimes it is more expedient to destroy revolutionary possibilities by participating in revolutionary action with the view of ending the fight as soon as possible. Whenever this should be impossible, the labor leaders of the reformist organizations - interested in prolonging the capitalist system - will, together with the bourgeoisie, do everything in their power to break the strikes. Even where, due to conditions, sit-down strikes will have no direct revolutionary consequences, the labor bureaucracy will only, in exceptional cases, lend their support to such movements because they recognize quite well that this form of struggle eventually will make them superfluous.

These strikes initiate self-action in the striking workers. They bring to the fore, the fact that the arbitrators are unnecessary, that the struggle between workers and capitalists does not need a third party. The labor fakers will not, under conditions which are not generally revolutionary, directly and openly oppose the sit-down strikes because these strikes might serve also the purpose of the labor bureaucracy. Such strikes might convince the bosses that they are much better off by recognizing the professional labor leaders than to leave the class struggle to the self-initiative of the workers.

Monopolization of capital and the large unemployed army have weakened the strike-potentialities of the working class. As exceptions to the rule here and there strikes of the old order might be still success-

ful, but on a larger scale involving broad masses of workers, the obsoleteness of the old forms of organization and tactics was recognized by the workers; this brought about the development of the new method. It is not accidental that with the attempts to form Industrial Unions, to organize the unskilled workers, the example of the French workers had been carried over at once to the American scene.

Following the strikes in the Akron rubber industry and the sit-down strikes of the W.P.A. workers, it is now the automobile workers strike that brings the new method into focus. The workers in the automobile industry know from experience how difficult it is to fight an enemy like General Motors, Ford, etc. The power of the industry is tremendous. With their company unions they still can split the ranks of the strikers; with their money they hire thugs galore; with their influence they can direct the militia against the workers. A prolonged strike, under the present conditions, makes the position of the workers more and more precarious. Their illusion that the Roosevelt regime is in favor of unionization and would support labor struggles for this purpose, gives the strike a greater impetus. The legend built around John L. Lewis and his determination, as well as his close connections with government agencies, created an optimism which led to the adoption of the new strike method. But at the bottom of it all stands the tremendous increase in the cost of living that nullified all previous wage increases, as well as the unbearable speed-up in the automobile industry which brought about a rising industrial activity and with this - due to a larger demand for labor - a favorable strike situation. (#)

Unfortunately, not everywhere but only in some places, like in Flint, did the workers put the new strike form to a real test. The bureaucracy of the Automobile Workers Union uses this sit-down strike as a weapon against General Motors and also as a warning to capital in general; that the latter better recognize the new Union as a lesser evil in contradistinction to the possibility of the self-action of the workers. The sit-down strike is not the strike of the union; it is only used by the Union as one weapon out of many within the bargaining policies. It is in the interest of the Union that this weapon is only demonstrated, not used, to the fullest possibilities. The expansion of the sit-down strike would change the character of the present struggle far beyond the wishes of the union. It would force the bourgeoisie to a real showdown and would destroy once and forever the illusion that the government stands

(#) The next issue of the Council Correspondence will deal with the automobile strike at length.

behind labor. To preserve legality and an "orderly" union movement, the labor leaders, in their own interest, have to look out that the sit-down strike does not spread too far. At the first chance, for an empty promise, the Union decided to lead the autoworkers of Detroit to the music of their brass band out of the factories. The sit-down strike can be extended only against the wishes of the Union leadership; this form of strike will remain to be the exclusive property of the workers.

The sit-down strike is a powerful weapon. It eliminates scabbing within the plant as well as from without. It maintains a greater solidarity. If it leads to a real battle with the authorities, if forces the whole of the striking workers to participate, not a militant minority. It brings about a warlike situation in which the "general public" at once has to take clear sides. The factory, not the partial organization, as long as unionization is at its beginning, is now the real organization. The factory becomes a school for the development of class consciousness, as well as a training camp for self-leadership. More than this, regardless of whether the workers realize this or not, it is their first preparation for their future position as masters of their own destiny; as the rulers over the means of production. But for immediate purposes, by stopping production entirely, it cuts down the profits to an extent which might force the companies to consider the requests of the strikers.

But all this holds good only for certain periods, and in particular situations. If the mass of the workers is backward and due to the fact that the ruling class has all means to "form public opinion" at its disposal, such strikes might also arouse sentiment against the strikers and force defeat upon the workers in spite of the new weapon. A long drawn out strike, in cases where the ruling class can stand such a situation, might weaken the position of the workers inside the factories just as well as outside the gates. The desire to end this divorced situation, or the impossibility of bringing food into the plants, might tire the workers out before their demands are gained. Or the bourgeoisie might at once use military means to drive the "trespassers" from their property and end the strike more quickly.

Whatever the results - in particular cases - one thing is clear: this sit-down strike, by challenging directly the property rights of capital, is the first real step in revolutionary development since the establishment of workers councils at the end of the last war. At a time when ideologically the whole organized international

social movement is really going to the dogs, the actual class struggle, the motive force of social development brings out of itself new fighting forms and organizations, which, in turn, undoubtedly will also change the ideologies towards a more revolutionary position. Not even the present control of the sit-down strike by reactionary organizations and leaders can becloud this fact. It is true that the American workers can as yet only conceive a struggle for the betterment of their position by way of the Union. For this reason the present sit-down strikes will not have immediate revolutionary results. The present strike, because it remains an isolated affair, might be defeated; but a new wave of strikes, which unquestionably will arise again, will have to base itself on the last experiences and undoubtedly will be more forceful and revolutionary.

All present demands of the workers are incorporated in the general demand: recognition of the Union as the sole bargaining force. That demand is merely the result of previous experience which the workers had in their dealing with the bosses; however, it involves a contradiction brought about by the new strike method itself which will not forever remain in the dark. The workers exert here their real power in order to bring about a situation in which this power is again reduced to the bargaining abilities of a few new labor leaders. A whole revolution takes place as far as the forms of strikes are concerned; but the goal of these new strikes remains the same: to deliver once more all real class power into the hands of new labor lieutenants. But this shall not irritate us; behind all this activity stands the real desire of the workers to overcome their miserable situation. The sit-down strike must be extended and propagated irregardless of the fact that the labor fakers still cash in on them because this form of strike is, after all, of greater significance than all the labor fakers wish to see.

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TWO NEW MARXIAN QUARTERLIES

Recently there appeared two new Marxist magazines: Science and Society and Marxist Quarterly. The first one directs itself to the academic world; the latter caters to the intelligentsia in general. Both do not seem to care to be of direct value to the workers, but hope to recruit their readers from the middle class. Contents and style are selected accordingly. Science and Society enjoys the support of the Communist Party; the Marxist Quarterly is a kind of "United Front" proposition made up by the Lovestonites, Socialists, Trotskyites and irritated Friends of the Soviet Union.

There is undoubtedly a real need for a theoretical Marxist publication in the United States. Judging from the first issues of the new quarterlies, it can hardly be said that they fulfill this need. Both show an outspoken tendency to avoid questions of the actual class struggle of today and to remain in the spheres of abstract thinking in spite of their claims to establish the unity of theory and practice. There is a civil war raging in Spain but these "Marxist" publications do not seem to find it important enough to give it some space. The war is too near and it is dangerous to risk an analysis of it without developing some contradictions. Since Science and Society is a veiled C.P. publication, the opportunistic policy of this organization, based on the needs of Russia, excludes scientific treatment of actual problems as any theory in this respect made one night might have to be denounced the following day. In a Quarterly the danger is correspondingly greater; to avoid difficulties, the magazine has to restrict itself to problems as remote as possible from present-day needs. Sterility is the presupposition for the existence of this publication.

Marxian theory wants to help to change the world, not merely interpret its history; it therefore must deal foremost with theoretical problems which have direct connections with the immediate needs of the working class. But so far these new publications seem to serve only the competitive needs of the "left" intelligentsia. Adhering to the "Marxism" of the Third International, it is impossible for the scientists to take into consideration the real and important questions of today without falsifying Marxism so crudely that the scientist is reduced at once to a cheap prostitute of the ruling clique in Russia. He can remain a scientist only if he adheres to the bourgeois principle of

divorcing science from the real needs of society. He restricts his activity to problems which have no immediate value in the struggle against present-day society.

Even though Ginzberg in the Marxist Quarterly laments that it is "one of the great tragedies of our time that the two major cultural forces of modern life, science and socialism, should see one another thru the distorting fog of mutual misunderstanding", this divorce is once more upheld by these pseudo-marxist's themselves. And as long as they only fight for partial interests, this cannot be different. The very language used by these people shows that they are really not interested in what they preach: how is it possible for science to identify itself with socialism? It would have to divorce itself first from capitalism which presupposes abolishment of capitalism. Present-day science cannot find its way towards socialism; it has to be brought to socialism thru the proletarian revolution. The appeal to the bourgeois scientist to become a revolutionary means practically that he should cease to be a scientist. In order to function as such, he cannot dissociate himself from capitalistic interests. Socialism will free the scientists , also, from capitalistic fetters; but it is the work of the proletariat.

However, for Ginzburg, the "scientists have a world to rebuild for themselves and for humanity";the workers have only "a world to win". Brameld, in Science and Society, does not demand so much. For him it is sufficient that the American scholar enters the United Front of the Communist Party "for the defense of whatever democratic rights now exist." On the wrong assumption that the schools can actually function as institutions of learning, that they are not restricted institutions of learning for capitalistic purposes,he serves a "Marxism" adaptable for school use, but sufficient only for the capitalistic, political needs of the Communist Party. By both, science is opposed to Society: first, science and capitalism; then science and socialism.That each form of society, due to the division of labor, has its science separated does not mean that it is largely more independent from the direct needs of society than other groups and functions within society. Socialism will do away with the artificial distinction between science and society which has arisen with the division of labor within exploitive societies. It will bring clearly to light the interdependence of all social functions and thereby eliminate all requests and needs for privileges.

The Marxist Quarterly, although it does not serve a

particular party, has more freedom in the choice of subjects, but by adhering to the general needs of all parties this freedom is again limited. For commercial reasons, it also cannot say "too much"; someone's feelings might be hurt. In order to safeguard the existence of a Marxist Quarterly, it has to be as little Marxian as possible. The elements writing in this magazine, as well as those who contribute to the other, are unable and unwilling to do more than repeat repetitions as their political-party commitments exclude a new start toward a Marxian approach to social questions. Some articles are readable in both magazines, but the general impression does not allow much hope for improvements in the future as far as the magazines themselves are concerned. Most of the articles dealing with special questions are largely unintelligible for the layman and the more so for the worker.

Of interest to the reader accustomed to the academic language might be the articles by Margaret Schlauch dealing with the social basis of linguistics, and Struik's article on "Mathematics", both appearing in Science and Society. A critical evaluation of these pieces, however, although necessary cannot be given here. In the same publication (#2), Hogben's article "Our Social Heritage" and Emmales remarks on the interpretations of the American civil war contain many valuable thoughts in spite of the desire of the writers to subordinate themselves to the needs of the Communist Party. The extensive review of Keynes' book "The General Theory of Employment, Interest, and Money" by Darrell (#2) also warrants mentioning.

The Marxist Quarterly describes Marxism as "more than a method and system for present-day education; it is a theoretical expression of the class struggle to realize socialism; its philosophy implies a faith in man's creative intelligence to build a rational civilization of plenty, beauty and freedom". A part of this creative intelligence fights, in 172 pages, "the forces of disorder, bewilderment and reaction." That is, Carl T. Schmidt presents a sober article on "Farm Labor in Italy" which restricts itself to an empirical demonstration of the changes which took place in the conditions of agricultural labor since the establishment of the fascist regime. This article, as valuable as it is, could appear in any of the existing bourgeois-liberal publications. A Marxist Quarterly is not needed. In our opinion, the Quarterly should rather serve the needs of the Marxian theory which cannot be published by the bourgeoisie. Hook's philosophical article on "Marxism and Values" appears to us as waste of space. He discovers once more what has already been discovered so often - in this case, that "the morality of

marxist socialism is an historical morality which admits of ultimate values but not of final or eternal ones." Hook, here in this article, continually creates his own problems in order to have something to solve.

Naturally an article on the "American Revolution" had to be included, and L.M.Hacker tells at length anew what probably any reader of the Marxist Quarterly already knows: that with 1783 independent capitalist development started in America. Engel's article on "Materialism and Spooks" was apparently chosen to attract more buyers. The article itself is rather unimportant; it may have a proper place in Engel's collected works, but it does not enrich a Marxist Quarterly of today. Besides Schapiro's lengthy review of A. H. Barr's book "Cubism and Abstract Art", there is an article on "New Aspects of Cyclical Crises" by Bertram D. Wolfe which is of an almost indescribable emptiness. Here assumption follows assumption without even an attempt to prove them. It is true, the article is only contemplated as a general survey to be followed by more details, but even as such it is extremely poor. The "falling rate of profit" upon which Marx's theory of crisis is based, results for Wolfe temporarily in "a higher rate of profit." If the falling rate of profit is due to the changes in the organic composition of capital in favor of the constant part, and if it also is the driving force for technical progress, investments and trustification, as Wolfe states, then the result can only be a further fall in the rate of profit - not a higher rate. The rate of profit falls constantly with the progressive accumulation, but this latter process compensates the fall in the rate of profit with an increase in the mass of profit. Errors like this, and many more thruout the article, show clearly that Wolfe does not understand what he is talking about. The generalities of the article exclude a critical consideration; we have to wait for the detailed surveys. Just now, it is impossible to find out what Wolfe really wants to say. First, for Wolfe, Marx "attributed fundamental importance to the falling rate of profit; each crisis is a reflex of the tendency of the rate of profit to fall" (p.104); and then again on page 112 according to the same Wolfe, the crisis is "basically a rupture of equilibrium between the various factors of capitalist production", due to the market relation. He does not seem to know that Marx showed the necessity of the crisis already on the basis of total capital which is constantly in equilibrium, and proved that even under such conditions crises have to arise.

Corey's short article on "American Class Relations", concluding this first issue (which has, in addition two articles by Brabdon and Conze, also a series of

book reviews) is quite recommendable for it gives the Marxist some valuable information, always needed, and especially at present, on the struggle against the petty-bourgeois ideology that tries to talk the class struggle away by pointing out that the proletarian class is disappearing.

Our criticism should not stop students of Marxism to read these new quarterlies. All we want to express is the necessity of reading them with a critical mind. Scepsis is the beginning of knowledge.

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N E W B O O K S

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PLANNING THE CHAOS?

(Douglas, Paul H."Controlling Depressions",W.W.Norton & Company.)

In Controlling Depressions, Douglas adds another to the long series of projects for a capitalist planned economy. He asserts, on the basis of a variety of the under-consumption theories so popular today,that the crises of the present economic system could be avoided, or at any rate mitigated, by means of "intelligent guidance" -- that is, thru government control on the part of various planning agencies set up by the State. It is quite possible, according to Douglas, to have a capitalism which satisfies all classes.

The causes of crisis are classified as "initiating" and "cumulative". By way of the former, business loses its state of equilibrium; while the second make matters progressively worse, once the equilibrium has been disturbed. Douglas denies the existence of a definite general cause of crisis. That is to say that the crisis to him may have its starting point in any part of the economic structure; and if this occurs, the whole economy is dragged into the maelstrom. But this is equivalent to making the whole economy dependent on the ever perfect functioning of all its various parts, and, since this can never be the case, permits of only one eternal condition of crisis. And it is possible for this reason that Douglas says that the overcoming of crisis hitherto has been rather a matter of chance than the result of a definite law-like relation between depression and boom. With this "theory" he is necessarily incapable of harmonizing his explanation of crisis with the actual economic process; he can only recount one after the other the various manifestations of crisis, without grasping their inner connection or their relative importance in the total process.

The depression itself is, according to Douglas, a condition in which production can no longer yield a sufficient amount of profit, so that production be-

comes limited and the general dilemma follows. As regards the present depression in America, Douglas thinks he has found its specific initial cause in the fact that, thru monopolistic control of the economy, prices were artificially kept high in spite of falling costs of production; this resulted in superprofits and a drop in mass purchasing power which in turn brought on the crisis. Thus, as Douglas sees it, the depression arises, on the one hand, from a superfluity of profit and, on the other, manifests itself as a condition in which the profit is not great enough. He explains this contradiction by stating that prices did not fall sufficiently to maintain purchasing power at a high level; the commodities therefore remained unsold, and the subsequent depression compelled an enormous price drop and the resulting decline of profit. If the profits were once too high because prices failed to fall, they are now too low because prices fell too much. The fate of Capital thus depends on the most precise balancing of prices. A price policy by which profits are guaranteed and yet mass purchasing power is not restricted -- or a better distribution of consumption goods, which Douglas regards as regulatory of the movement of the whole economy -- should overcome the crisis or at least soften it.

As to the proper magnitude of profits with respect to the rate of accumulation by which prosperity is determined, what determines the continuation of progressive accumulation, and what determines the price movement: regarding these questions, which are only the beginning of the problem, this book has nothing to tell us. The author remains stuck fast in "common sense", which becomes senseless when applied to such a paradoxical thing as capitalist economy. In order to re-establish the relatively smooth-functioning market mechanism of laissez-faire capitalism, which is thrown out of joint by monopolization and over-accumulation, Douglas proposes intervention of the State. So that what he has in mind may best be summarized in the absurd concept of a planned laissez-faire capitalism. We are here confronted with a compromise speculation designed to carry the laissez-faire principle over into state capitalism. In other words, Douglas is preaching an economic state of affairs which is already at hand; for what can this compromise solution possibly be except the existing monopoly capitalism? His practical proposals are therefore, in principle, the same as those of the Roosevelt administration; he desires an honest and consistent NRA-policy. By means of monetary devices, control of prices, credit and profits, together with public works, he wants to prevent over-accumulation and raise mass purchasing power. He repeats all the familiar "planned-economy" proposals

which with unessential variations fit into the economic programs of all capitalist "planners", whether reformists or plain fascists.

The objections of the "anti-planners" to the effect that such a policy would be too much a strain upon the budget and would strengthen inflationist tendencies, Douglas answers by pointing out that inflation is controllable and that the anticipated prosperity would compensate for the present burden. International complications arising from such a program he regards as regrettable and unavoidable, but comforts himself with the hope in an awakening of reason which would soon bring with it international regulation of the economic life, once the national problem had been solved. He sees also that the carrying out of his proposals would invest the government with dictatorial power; still he doesn't want dictatorship, but lovely democracy, and he relies on the yielding disposition of the capitalists to secure their voluntary acceptance of the planned economy. He completely fails to see that his proposals and hopes are irreconcilable and mutually destructive. If, for example, like Douglas, one wants to rescue the "little fellows", he has to combat the monopolies. Douglas threatens these latter with state capitalism; that is, the complete monopoly and the final submergence of the little fellows. Sad as it may be, anyone who preaches state capitalism and planned economy within the prevailing mode of production, under the present conditions and especially in America, is merely promoting monopoly capitalism whether he likes the idea or not.

THE SOCIOLOGY OF INVENTION

(By S. C. Gilfillan - Chicago, 1936)

Gilfillan's book opposes the conception that inventions are solely the products of genial men who arrive at their ideas independently from society. He tries to prove that social changes govern both the inventions and the inventors. "The social causes of inventions all come from the world outside the inventor and act thru him.....Some other chief changes causing invention are growth of wealth, population, industrialism, etc." In other words, invention does not depend on genius but originates instead from the combination of a number of objective circumstances.

It is a process of perpetual accreation of little details, promoted by specialization of labor which enables a more intensive and fuller use of the capital required to devise and operate an invention. His extensive statistical material corroborates to a certain extent the materialistic conception of history which maintains that inventions are conditioned by social and economic forces.

In spite of the appreciable treatment of the subject in general, the book has a number of shortcomings. Gilfillan's viewpoint on the question of wages and inventions, for instance, is very deceptive. He computes the share that goes to capital and labor and says that "Inventions of the last generation have lowered the relative share of labor, but what should matter most to labor is the absolute share, because the production of standard goods (factory goods) is increased, cheaper, and therefore -- since they are mostly bought by the pay earning class -- what the worker loses from his pay envelope, he more than regains at the store."

The author does not seem to know that the invention of new labor saving machinery within the total process of capital accumulation reduces continuously and absolutely this pay earning class and that the unemployed worker cannot in any way regain at the store what he loses; in fact, never makes.

Gilfillan believes in invention as the mother of necessity and knows well that our present system has many shortcomings and disadvantages as to the appliance of inventions. He attacks the patent system, ignorant judges, industrial monopoly which willfully suppresses patents, waste of human and material resources, etc., and proposes instead to entrust special government committees composed of technologists, physical scientists, inventors and industrialists with the administration and 'wise' judgment as to how to employ best all inventions for the "protection of minorities and the public and consumer's interest." He would pool all existing patents and use them for the good of the whole nation, even cooperate in this respect with other nations on a world wide scale. In short, he knows nothing of the real character of present day society and its relation to technological advancement. His suggestions have to remain illusions.

The viewpoint of the author presupposes that "common sense" is the determining factor and that it is up to a few men with a good will to give history the direction they consider most desirable for our society. But as impossible as it is in his own opinion to explain

inventions out of the isolated individual, just as impossible it is to employ "common sense" in relation to social problems of today. Here also not the good intentions of the few, but class actions determined by the whole of capitalist development are the decisive factors.

- T. -

AN OUTLINE HISTORY OF UNEMPLOYMENT

(By W.T.Colyer,N.C.L.C. Publishing Society,London 1936)

This new Plebs book is an expression of the changes in the economic situation since the ladt war. Unemployment is not only looked at as a permanent necessity for capitalism, but also as an especially important problem that embodies severe complications and grave consequences during the period of capitalist decay.

The author criticises effectively the shortcomings of bourgeois social science in dealing with the question of unemployment and shows convincingly that Marxism is in a much better position to do justice to this problem. Unemployment is recognized as the direct outgrowth of the capitalist mode of production. The close relationship between unemployment and capitalist development is substantiated by factual data sculled from English history since the beginning of capitalism up to the present. At the same time, the author points to the connection between unemployment and social welfare citing the Poor Law, the Compulsory Unemployment Insurance, and the Means Test of today. The author's analysis of the present situation effectively shows that -- regardless of all so-called social security acts -- the workers'struggle against further pauperization will continue.

The book can be recommended highly.

FROM HEGEL TO MARX

(Studies in the Intellectual Development of Karl Marx by Sidney Hook.)

Hook's book brings hitherto unpublished material from the earlier writings of Marx to the attention of english

readers. On the history of ideas from Hegel to Marx he shows the social intellectual atmosphere in which Marx's thoughts developed. The biggest part of the book is of a descriptive nature. Hook's interpretation of the philosophical development of Marx is designated to support a point of view which he adopted in his "Toward the Understanding of Karl Marx."

Hook shows what Hegel and Marx have in common and what differentiated Marx from Hegel. The differences between 'dialectical idealism' and 'dialectical materialism' are explained on the manifold categories of natural and social science. In the same way Hook confronts Marx's thoughts with ideas of Bauer, Ruge, Stirner, Hess, and Feuerbach. In these confrontations lies, in our opinion, the real value of the book. It eliminates work for the student of Marxism and makes it easier for the general reader to understand important phases of the Marxian world point of view. Dealing with dialectics, Hook opposes Engels' and Lenin's attempts to apply dialectical materialism to nature. In Hook's opinion, Marx did not hold such a view,but his dialectical materialism is restricted to the problems of society; even here (and not very clearly) dialectical materialism is often reduced by Hook to such an extent that it seems to be nothing but a class ideology. His entire interpretation tries to say that more stress should be laid on the subjective factors of the historical process. The active moment in history is of course materially dependent and finds its expression in the class struggle but still it remains an ideational-active moment which first produces the will for revolutionary overthrow of the capitalist society. He does not see that the material relations are stronger than the passive and active consciousness, and that man is forced to change the world even against his will. Hook quotes this position very often but he does not grasp its content. With his special emphasis on the subjective factor in history, he tries to overcome contradictions in Marxism which he himself has created. Nevertheless, the book can be recommended even if it is impossible to see more in Hook's interpretation than a rather unimportant deviation from Marx, brought about by the dominating philosophical interest of Hook himself.

S P A I N T O D A Y

REVOLUTION OR COUNTER-REVOLUTION

by Edward Conze
(Greenberg Publisher, 67 W. 44th St. N.Y.-$1.50)

Conze who is known for his book "The Scientific Method of Thinking," a popular exposition of dialectical materialism, has written this book on Spain probably with some haste. Parts of the book insofar as they lead up to the events of 1936 are very good; other parts in relation to the present civil war are of rather dubious value. The larger part of the book deals with the permanent causes of the social unrest in Spain, and with the description of the political forces within Spain. On this basis, in combination with illustrations of the Imperialistic designs of other capitalist nations, he attempts to explain the character of the present civil war.

Since this book was written, the actual course of development within Spain has diverged to a large extent from Conze's expectations, and the optimism prevalent in the book is not justified any more in the face of the present facts. Our own analysis of the Spanish Civil War in the "Council Correspondence", Number 11, 1936, makes a critical evaluation of Conze' book superfluous. But in spite of the shortcomings, the book serves very well as a basis for the understanding of the class struggles in Spain.

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What Next in SPAIN?

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INTERNATIONAL

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CORRESPONDENCE

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By the Groups of Council Communists of America

The period of progressive capitalist development is historically closed. The decline period of capital, a permanent condition of crisis, compels to ever greater convulsions of economy, to new imperialistic and military conflicts, to ever increasing unemployment and to general and absolute impoverishment of the workers. Thus is given the objective situation for the communist revolution in the capitalist countries. For the working class, there is only the revolutionary way out, which leads to the communist society. No one can deprive the workers of this task, which must be carried out by the class itself.

The publishers of Council Correspondence see in the acting self-initiative of the workers and in the growth of their self-consciousness the essential advance of the labor movement. We therefore combat the leadership policy of the old labor movement, and call upon the workers to take their fate in their own hands, to set aside the capitalist mode of production and themselves to administer and direct production and distribution in accordance with social rules having universal validity. As a fighting slogan and statement of goal we propose:

All power to the workers' councils! The means of production in the hands of the Workers!

THE END OF A STRIKE!

What are the results of the recent auto strike? To Secretary Perkins the settlement between General Motors and the Union is an achievement creditable to both parties and the "finest example in labor history of cooperation between State and Federal officials." Both sides are to be congratulated as far as the liberal bourgeoisie is concerned. William Green of the American Federation of Labor considers the settlement a surrender of the Lewis unions and a defeat for the whole working class. The auto strikers and their union claim victory. In reality, the strike settlement was a compromise:both factions wanted to bring the strike to an end and, at the same time, save their faces. The original demands of the union were rejected but the stubbornness of General Motors' officials was somewhat broken.For the next six months, the individual plant managers in about twenty enterprises will accept the union as the bargaining agency for their members. Little was gained for the workers in the recent auto strike; it could have been less: nor would it mean much if it had been more.

Union workers are paid higher wages than those unorganized. The unions are job trusts, holding or attempting to hold a monopoly position to maintain higher wages for their members regardless of the position of the rest of the workers. Union workers are likewise a minority,

and it is worthwhile for the ruling class to grant them privileges, the result of which keeps the working class divided. Privileges granted unionized workers, including higher wages, are not very costly, for what is given the unions can be taken from the low-paid ununionized majority.

The depression and increasing unemployment weakened the A.F. of L. The disintegration of this organization was in sight when the National Recovery Act stopped the process of its decline. The government favored organized labor in order to enforce its policy of "fair competition," which meant ruination to the smaller enterprises, reducing their profits and helping big business to pull thru the depression easier. The curbing of competition and the growing power of monopolies makes the workers powerless. Competition on the labor-market, forced upon the workers by necessity, brings about low wages. The gains of the big enterprises made by those low wages became so great that the "reduction of competition" became in reality an increase in cut-throat competition. This situation had to be reversed in order to secure a degree of balance in society. Too much had been given to big business, and society is more than just big business. The N.R.A. eliminated some of the profits of the smaller capitalists. The government, therefore, had to reject the N.R.A. or it would have become too destructive. In other words, the government had to take back some of the gains from big capital and return them to the smaller capitalists.

The increased unionization of workers in some of the industries was supposed to check the ruthless policy of big capital; to keep big capital in check if the latter should interfere with the general necessities of capitalism. Furthermore, Roosevelt and his administration favored industrial unions because the craft unions do not fit into the requirements of big business. Craft unions are too impractical, a waste of energy, money and efficiency at this period of capitalist development. Convinced that unions can be controlled sufficiently, Roosevelt made his well-known promises to Lewis. The big trusts play too important a role in present-day society but are not as yet well enough coordinated with the general needs of capitalism. These trusts might embarrass the government at any time and make it difficult to rule wisely. Therefore, industrial unions, if properly controlled, would become an instrument of the government, to balance and safeguard itself against attacks from the "economic royalists." That is why we have the amusing situation at this time, namely: the best capitalist policy and government that business can have are not only opposed by the smaller bourgeoisie but also by a large section of the big capitalists. The former were afraid of a new N.R.A. designed to cut down more of the extra profits of small

capital, which paradoxically, can be made during times of crisis. Big capitalists, on the other hand, realized that the coordinating attempts of the government would impair the rapid and upward trend of their profits. They feared the government's refusal to serve big capital exclusively. Recognizing in the government's support of the C.I.O. a threat against them, big capitalists tried their own power of attempting to oppose the government's labor policy.

The government has not as yet settled its labor policy definitely. It operates with the existent tendencies and forces, with an experimental attitude. It will neither speak against nor foster unionization. It will not, unless absolutely necessary, unmask its real character to aid big capital openly in subduing labor struggles. The government will remain "neutral" to a certain extent, watching the development of situations and enforcing its own policy by taking advantage of rifts in various groups of opposing interests. Of late, the war danger makes it necessary for the government to show a more friendly attitude toward labor in order to be able to create proper unity should the war-need arise suddenly.

The workers know that union wages are higher wages and will, therefore, at first strike for higher wages by the familiar union form. In the big industries such as steel, automobile, rubber, etc., craft unions are useless. The industrial form was shown by the United Mine Workers. Organizing on industrial lines in the so-called basic or key industries was looked upon as a more permanent way to secure better living conditions. More of a modern attitude, taken from the trade-union experiences of European capitalists, made one part of the capitalist class agreeable to unionization even on an industrial scale. In the long run, unionization is just as acceptable to the ruling class as was the eight-hour day or the social security act. But the bourgeoisie is not unified. It is forced to always act only on its immediate individual problems.

The foregoing changes will take time. Labor organizations and workers' action, which find the support of one part of the ruling class, hastens the establishment of the new instruments in labor relation policies. The upward trend in business, recognition by part of the A.F. of L. that union policy had to change or the union would disappear, the supporting attitude of the government, struggle for control in the union movement itself, desire of the workers to fight pauperization, new increased productivity - all these factors brought about the existence of the C.I.O. and the strike wave, in which the more effective weapons such as the sit-down were tried out on a larger scale. The strike in the automobile

industry was a struggle of more than forty days.As the New York Times wrote, "...by more apprehension than violence, more threats than action, and a multitude of conferences." None of the real demands, expressed in wages, working hours and conditions were won. In some of the plants compromise left the workers' real demands to be met by further negotiations between union officials and officials of General Motors.

No strike can ever be lost from a revolutionary point of view; not only because daily conflicts are precisely the way in which class consciousness develops among the workers and that those conflicts make for experience and are a necessary prerequisite to greater and more intense struggles, but also because each loss in profits by withholding labor power sharpens the contradictions within capitalism and forces the class struggles to keener issues. Therefore, the strike, from a revolutionary viewpoint, was not lost. It was a cheap compromise from a union point of view. It was not a defeat;for the union leaders were able to save their faces and the strikers displayed to a great extent an excellent fighting spirit, a spirit which does not even becloud their illusionary outlook towards the value of the C.I.O. in spite of the compromise which had to be made. The newly adopted and in the meantime already often repeated sit-down method in Flint (compare Council Correspondence Vol.III, No.2) is an achievement of great importance, with unaccountable revolutionary possibilities.The workers acted, and in so doing created for themselves, to an extent, the instruments which shall be most necessary to them in the future. The C.I.O. is already recognizable as an organization which will in the last instance serve the interests of the ruling class. There remains,however, the strike itself and the fighting spirit of the workers behind the present organization fetish. The illusions of workers within the C.I.O. will be shattered in time, for it is impossible to organize a majority of workers and secure for this majority what the C.I.O. calls an "American standard of living". If workers are to be organized into an independent organization, then this organization will not be the present-day union; for such an organization cannot function for long. The reason being that capitalism is unable to better the living conditions of the majority of workers. The unions can only grow so long as it is objectively possible to increase the wages by a simultaneously faster increase in productivity. Today the productivity cannot be raised sufficiently to enable capital to give a bigger share of commodities to the workers. While the unions may be able to develop further to some extent, they will in time lose the character of being labor organizations of any value to its members. Union ideology will be destroyed in the actual struggle for unionization itself. There is no hope for the workers and no danger to the capitalists that the C.I.O. or

any other labor organization may become forceful. The present steel drive is unlikely to lead to better results, no more so than the past automobile strike. Lewis and Company know quite well where the limits are. They will be satisfied to have a part of the workers organized and to secure privileges for this part at the cost of the masses. Even in such a situation they will be able to exist, but only if they keep within capitalist boundaries. With this in mind, the C.I.O. in its own interests will turn against its over-enthusiastic members and become like the A.F. of L., a hindrance to the emancipation of the working class, in spite of the fact that today it is also an expression of the aspirations of the working class; even though the workers still move in the dark.

Meanwhile, the action of the workers, their direct activity, is as important for the present as it is for the future. Each strike must be supported even if the strikers want so little as the recognition of their union, and this paltry measure seems today a great deal to the working class. Each strike must be used to help develop the self-initiative of the workers, to point out that they themselves are able to deal with their own problems; that they are best led and served when they lead and serve themselves. Now that the automobile strike is over, let us prepare for more strikes -- for anything that will bring class-struggle to the recognition of every worker.

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The next issue of Council Correspondence will contain an article on "Trotsky and Proletarian Dictatorship"; also an article on "Shop Delegations in France", as well as other interesting subjects.

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International Council Correspondence
1237 N. California Ave.,
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SUPREME COURT REFORM

New Blood in the Judiciary

Roosevelt's proposal to revamp the federal judiciary is an attempt to remove an obstacle from the path of further social legislation dictated by the increasing contradictions in the capitalist method of production.

The President's plan in the main is to increase the number of justices of the supreme court from nine to fifteen; and this proposal has resulted in divergent views among those in opposition to it, each opposing point of view claiming to safeguard democracy.

Those Against the Reform

Groups opposing the President's plan are the Republican Party, bar associations, the Liberty League (big business), bourgeois liberals, as well as a number of senators and congressmen in Roosevelt's own party, with whom "the Chief" holds many conferences in the hope of bringing them around to his way of thinking.

The main opposing view is held by those who assert that the President has already too much leeway in governmental affairs; that if congress authorizes him to appoint six new justices to the court all functions of government will be vested in one man. The six appointees will be quite dependable upon the President's viewpoints; they will not whittle away the Chief's reform schemes by their interpretations of the Constitution. Two senators think the reform in this respect so drastic a measure that they have offered a compromise program instead.

Another reason for opposing the reform is the manner in which the President presents his proposal. This section of the opposition are "stickers" for form. Their opinion is that if the supreme court is to have fifteen instead of nine justices, then let this addition be made, after due deliberation, by an amendment to the Constitution and not by a show of hands by congress. Note that this view does not oppose the judiciary change itself, but the President's method in attempting to make the change. They say, "If you insist upon having fifteen justices, then Mr. President by all means go about such work with a little more care; for we are a democratic people and oppose to the last dig any attempt at eliminating our rights accorded us by the Constitution. Your

scheme is, in no sense, an issue with us. In many respects we find it quite laudable. What we deplore is your technique, the outcome of which will be the most dangerous attack upon the government established by the people, for the people, etcetera, etcetera".

Those in Favor of the Reform

Those in favor of judicial reorganization are the labor leaders in the American Federation of Labor, the Committee for Industrial Organization and in the Labor Defense League. The Progressives and Farmer-Laborites are also on the President's side.

The labor leaders' fight for the additional judiciary power coincides with Lewis' drive to "consolidate" labor. In fact, the President must rely chiefly upon labor (and farm lobbies) to put pressure on the members of congress in his behalf. The support pf Lewis is a foregone conclusion; for Lewis must balance his accounts with the President for the latter's so-called support of the C.I.O. in the recent automobile strike. Furthermore, labor leaders look in no favorable light upon the present justices who invalidated in the past a number of their pet social legislative measures. In supporting the measure, labor leaders unanimously agree (1) that the proposal in actual practice will not tinker with the Constitution, neither will it curb the supreme court nor destroy the constitutional rights of the people;(2) that if the bill is not passed by congress immediately, the President is sure to be frustrated in his large program of economic recovery.

Ballyhoo For and Against the Issue

Considered from the standpoint of <u>their own merit</u>, the opinions pro and con are contradictory. In their attack on one another, both sides of the camp employ the same abstract phraseology, similar in tone to campaign ballyhoo. Those in opposition to the measure charge that the reform is nothing short of political debauchery; that the choice of the people is an independent supreme court and democratic government, not a one-man government with a rubber-stamp supreme court. Those who support the reorganization plan maintain that there already exists a handful of justices who exceed their lawful authority by elevating their own personal opinions concerning economic or social policy above the Constitution of the United States, by stamping "unconstitutional" those necessary legislative measures proposed by Roosevelt and passed by congress; such as the N.R.A., A.A.A., the Guffey Coal Act, the Railway Pensions Act, the New York Minimum Wage Law, moratorium on farm mortgages;and that two bills at present in the mill are likely to be con-

sidered unconstitutional - the Public Utility Act of 1935 and the Wagner Labor Relations bill.

A reply to the foregoing is, "We have a liberal court with statesmanlike achievements to its credit, -- the reciprocal trade agreements, foreign policy, revision of the banking laws, reorganization of the Federal Reserve System, regulation of the Stock Exchange, control of the issuance of securities, to say nothing of the social security legislation".

The Supreme Court is a Bulwark of Capitalism

The judicial, legislative and executive functions of the government arise from the social relations of capitalist production. This three-fold superstructure cannot extend beyond the material boundaries of capitalist production from which it springs. The supreme court is the most important part of capitalist legal machinery in the judiciary. It must interpret the Constitution, and once a decision is made there is no repeal from the supreme court. The nine trusties in the high tribunal of capitalism are responsible to no one. The question, "How does the supreme court come by its power?", is another matter and cannot be discussed here. The fact remains that the function of the supreme court is to interpret the Constitution in the interest of capitalism. The court must interpret capitalist law in a manner harmonious with the general development of the system. The interpretations of the court may vary as development proceeds; that is, the court's decisions may seem "reactionary" at one period and "liberal" at another time. Aside from this, supreme court decisions cannot extend beyond the boundary of capitalist ideology. Remarks dropped by the justices now and then reassure us in this respect. Chief Justice Hughes, for instance, said: "We have a constitution, but the supreme court says what it is". From Justice Brandeis: "A few years ago we had a liberal court. Now it is reactionary; but in two or three years there will be a change and the court will be liberal again".

These statements from the justices reflect the changing sectional interests of the capitalist class. In actual practice, the Constitution lends itself to so many varied and sundry interpretations that the supreme court in its decisions is "continuously making a new constitution, changing it and rechanging it at will, so that its will is, in fact, the Constitution".

Because the will of the supreme court is the will of capitalism regardless of whether the number on its bench increases from nine to fifteen or from nine to twenty-nine justices, the two-fold phase of the much-

talked of judiciary reform is of no concern to us: (1) whether there is need for an amendment to the Constitution to reduce the power of the supreme court to declare laws unconstitutional or (2) whether it would be advisable to amend the Constitution, giving congress the power which the supreme court says it has not got. The reform can be of interest to us for two reasons only: (1) it provides the opportunity to explain to fellow-workers the necessity for capitalist politics, and (2) it furnishes ample material for the study of the struggles of small capitalists against monopoly capitalism as the system proceeds to the breaking-point.

As for the Constitution - it is a document written in the interests of the petty bourgeoisie of 150 years ago and has long since out-lived its real use to the petty bourgeoisie. It refers to <u>their</u> rights, <u>their</u> freedom, <u>their</u> liberty to carry on trade and commerce, and to exploit labor-power without governmental restrictions from domestic or foreign powers. Anything further that the capitalist class might do is of little historical account. The greatest forthcoming achievement of mankind will have to be performed by the slave-class of the capitalists when of necessity this class will be forced to examine not the Constitution but the wage-labor and capitalist relations of social production and find in these relations the contradictions that give rise to their class degradation.

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WAR PREVENTION SCHEMES

There exists from time to time groups advocating measures for war prevention. The issues of these quasi-public organizations are usually the lukewarm anti-war variety, or they may be political in point of view.

Take for example the ideas on war prevention in America during the 19th century which were predominantly pacifist. "Wars cause much suffering and death and. therefore must be eliminated", reiterated the pacifists of fifty years ago. The Brotherhood of Man and its ladies' auxiliaries - Elihu Barritts' Olive Leaf Circles - spent countless hours chinwagging about the horrors of war. There were the Julia Ward Howes of those days, as well as the celebrated Mothers' Day for peace about the time American warships in the Bay of Yedo, at the command of Commodore Perry, forced the Japanese capi-

talist class to open its markets to American capitalists.

As the further development of capitalism forced capitalist groups of the world to war, there arose in response to the international character of modern warfare and its methods of destruction, organizations seeking the cause and cure for war and to limit armaments, such as the International Peace Congresses, the Hague Permanent Court of Arbitration, the Permanent Court of International Justice, which later became the League of Nations. These organizations, some no longer in existence, are aware that economic expansion - rivalry for markets and fields for investment capital, are among the basic causes of modern wars, but the actions of these groups are limited by the economic interests of the particular capitalist nation which they represent; hence their desire to arbitrate, disarm, intervene. Confusion and misunderstanding is apparent from the measures they advocate as cure-alls for wars. Preparedness, disarmament, government ownership of munition plants, and the taking-the-profit-out-of-war idea, are some of the schemes they advance as war preventatives.

The slogan "arm for peace" was on the lips of millions during the years 1910-14 when the great powers stepped up their war appropriations for the forthcoming mass slaughter. Expressing his approval of preparedness during the Senate Munitions Investigation, Dupont, the American armsmaker, contradicted himself in one breath: "...the only way to wage a war is to prepare in advance, otherwise you are going to have a hell of a time. If we are well enough prepared, we will never have a war." (New York Sun, Dec. 20, 1934).

But the World War illustrates the fallacy of preparedness; arming to have peace is as meaningless a statement as it is a sad reminder to the world working class that preparedness is the step best calculated to preserve the world for capitalist democracy.

After the war to end war, the greatest concern of the ruling classes was to settle their economic differences without resorting to arms. International lawyers of the World Court (part of the machinery of the League of Nations) were engaged to write treaties. Treaties, indeed! Treaties which soon brought their authors face to face with the claptrap of capitalist legality. For instance, when English capitalists in their dispute about the Mogul case questioned the Court's legal authority to define the meaning of a boundary.

While the matter of disarmament was up for settlement by the League, the manufacture of armaments continued

unabated; in fact, increased during the five-year period 1925-30 and continued to increase after the Disarmament Conference of 1932.

Along with the other war prevention schemes, the idea of disarming to have peace is utopian. Armed forces are essential to the rule of the capitalist class; at home, to suppress the rebellions of the working class; and on the international field the armed forces are used by the capitalist class to open trade routes, to protect invested capital in foreign countries, such as the oil interests of British and American capitalists in South America and in China. This two-fold function of the armed forces explains the inability of capitalist nations to disarm.

Government ownership of munitions is no war preventative. A nation at no time depends entirely upon private concerns to furnish munitions. Up until recently, the United States Government has made contracts with 15,000 industrialists, instructing them in detail what will be expected of them in war. International loans require the backing of governments and bankers and this money is in many cases used for the making of armaments. German and French munition manufacturers were in competition for the armament contracts of pre-War Serbia. Krupp, the German armsmaker, was the lowest bidder yet did not receive the orders. A French loan had been made to Serbia with a stipulation that the loan must be used in part for French armaments. Bolivia was granted a private loan ffom the English munition makers, Armstrong-Vickers, with the understanding that the entire amount must be spent in England for English-made munitions.

The taking over of munition plants by the government may facilitate the manufacture of arms and eliminate the political entanglements of private munition makers, but whether government or privately owned, munition industries manufacture war materials for modern warfare.

Taking the profit out of the manufacture of armaments is also a meaningless proposition. A capitalist country finances wars from taxes which the capitalist class pays. Capitalists are, therefore, interested in saving on this burdensome item. Hence the attempts to prevent a section of their class from making huge war profits which increases the total cost of war. Profit elimination from the arms industry is not the solution; for wars are not made by munitions makers alone, but arise out of the conflicting interests of the world capitalist class.

The causes of modern wars are (1) rivalry among nations for the possession of sources of raw materials, such as oil, coal, tin, iron; (2) the protection of foreign investments; (3) the sale of the products of heavy indus-

(continued on page 19)

WHAT NEXT IN SPAIN?

In concluding our last article on Spain (Council Correspondence Vol.II, No.11) we said, "from a military point of view, the fascists seem to be gaining the upper hand. Toledo has fallen; the march upon Madrid continues". Since then - again from a military viewpoint - almost nothing has changed. Malaga is in the hands of the fascists; the siege of Madrid continues. Lately attempts were made by the loyalists to go into the offensive, at the Madrid front as well as near Oviedo, but in general the odds are still against them in spite of their strengthened resistance. As we said in the conclusion of the article mentioned above, so we have to say again today, that the further course of the Spanish civil war cannot as yet be accurately predicted. However, at present there are less probabilities to be taken into consideration than five months ago.

"Non-intervantion" is again the topic of the day. Once again all capitalist powers, including the Russian, want to leave Spain to the Spaniards. Even the fascist countries speak about stopping the further influx of military aid to Franco, but this renewed play with non-intervention agreements should not be taken seriously. As before, "non-intervention" is just another form of intervention. The old rivalries among the imperialist powers are still in force. Italy still expects its pay, that is Ceuta; and Germany still hopes to get some of the islands of the Balearics and Fernando Po before Africa. England is still unwilling to yield these concessions. France and also Russia maintain their position on the side of England.

Italian and German interests are opposed to French and English interests, but these two fronts are of a temporary character. Changes in the present allignments are not excluded; only the actual outbreak of war would exclude further variations. The German-Italian front may be broken at any serious danger of war. Russia's support of England is explained, on the one hand, by French necessity to support its interests in the Mediterranean, which run parallel with the English interests, and on the other hand as an attempt to urge England into Russia's "United Front of the White Powers" against the "Yellow Menace", by playing England's game of today.

Obviously, the imperialist powers are not as yet ready for war. Their present policies are reduced to exchanges of one compromise solution with another. The general show-down is to be delayed. The unwillingness of England to go to war at present allows Italy and Germany to do some blackmailing. It is not always possible, but sometimes necessary, to call their bluff which then means a new "non-intervention" pact. The blackmailers have to withdraw temporarily just as much as England and France have to become very energetic from time to time. Situations are thereby created which seem to lead directly toward war; but up to now all powers have not really been interested in its early outbreak, and each precarious situation was dissolved into another compromise.

The question of "prestige", behind which economic interests are hidden, plays also its part in the game. Situations arise from which a fast withdrawal might prove to be impossible. The gamblers might become victims of their own game. The fascist countries may be willing, and yet unable, to reverse their policies soon enough, and find themselves in a real war before they can help it. To eliminate the war-danger implied in the question of prestige, attempts are made to allow the fascist countries to retreat without harm to themselves. "Face-saving" compromises are discussed which, however, necessitate some more bleeding on the part of the Spanish workers. Although there may be more reasons to explain the policy of hesitation on the part of the different imperialist nations, it is obvious that as yet each country carefully avoided to overdo itself.

England's position (and with this France' and Russia's) is not one-sided. There are strong tendencies within these powers to favor Franco rather than to help the loyalists to regain their former position. It looks as if Italy and Germany are forced to play into the hands of England. There is no reason why a fascist government in Spain, brought into power with the help of Germany and Italy, should, after that, remain the servant of those countries. A Spanish fascism might call for credits and protection from England and France; protection even against their present allies. This explains also the attitude of France and England to remain as much as possible "neutral". Franco may become the vassal of England for which minor concessions may be granted to Germany and Italy, so that everybody might gain from the bloodshed in Spain. The questions in Spain would then boil down to the one: will Franco be able to bring a period of "peace" and "reconstruction". And this is still questionable.

France must have a friendly Spain for her neighbor. She must be able to rush her African troops unimpaired to

her eastern front. England fights for her supremacy in the Mediterranean; she also needs a friendly Spain. "Democratic" or "fascist" plays no part; Spain must be friendly to her interests. If Italy and Germany will not risk a war with France and England, those countries cannot then make Spain to a nation opposing England and France. If this war will not come, fascism in Spain will not be directed against the french-english interests. Democracy in Spain is meaningless for France and England; it is not that for which these countries are bargaining. They are struggling, rather, against the influential gains of the fascist countries within Spain, at present bound up with their support of Franco. Spain must be further weakened - the war must be extended - so that either possible winner accepts the dictates of England. A strong Franco will have strong demands on England. A weak Franco, with a war-tired population, will not dare to force the issues between the fascist countries and England and France. England prolonged the war in Spain by equalizing the fighting forces.

On Feb. 14, the New York Times reported from Paris:"The British Government, having now received from General Franco all the assurances it asked regarding the future with regard to Spanish territory and British mining concessions, has decided to abandon the non-intervention effort which it considers virtually impossible because of Portugal's refusal to participate....Meanwhile, of course, the pretense of non-intervention will be maintained on all sides....Behind the British change of front is the unwillingness to let Italians and Germans claim credit for a rebel victory. While Italian and German troops have been fighting in Spain for the promise of concessions, the British, it is said, have been negotiating. The final word in the negotiations has thruout lain with those who have money, more than with those who supplied troops, so it is believed London has obtained all the guarantees it requires. Coupled with that purely materialistic argument is, of course, the other argument which will receive more prominence, that the recent course of the war has shown that even while the Rebel's progress has been slow, it is evident that the Loyalist cannot win".

One week later this statement was apparently contradicted and yet verified by the agreement of the non-intervention powers to declare a ban on foreign volunteers for service on either side in the Spanish conflict, and for a blockade to enforce the agreement. "The Committee for non-intervention in Spain has been saved from wreck at the eleventh hour", writes the New York Times of Feb. 21. "Even when general Franco triumphs, as the British expect he will eventually, what will be his relations with the foreign allies who have enabled him to win? If for-

eign troops stay to maintain him, how will Spaniards react to that? A continued official attitude of non-intervention will mitigate the German and Italian dilemma;to withdraw their troops without loss of prestige...Germany and Italy are rejoicing that they are scraping out of a tight place. Neither wants war now. Even the Russian government is probably relieved, for it has been caught in a similar trap. The difficulty of face-saving at home still remains, but so does the necessity of saving Mr. Blum's government in France. The Soviet Union is no more desirous of a European upheaval than any of the rest. A non-interfention stand together with the rest of Europe is its own excuse while leaving Soviet orators free to emulate their opponents by fulminations against fascism at home".

Seemingly the powers involved in Spain have come to an understanding. By what kind of a bargain cannot be seen as yet. The only thing that is clear is that all powers are convinced that capitalism is saved for Spain regardless of who wins, Franco or Caballero. The powers have found a temporary solution for themselves and trust that Franco will find one for Spain.

There remains, as far as the imperialist interests are concerned, two possibilities. First: that the present agreement continues to be in force. This means that the loyalists don't get any further help, and that there will be no interference in supplying Franco with war materials to help him to victory. By this the war will be continued in Spain to the point where all opposition to Franco is sufficiently crushed . It will also enable his dictatorship to rule unhampered for a considerable length of time. The other possibility is, that further shifts in the international allignment of the imperialist forces will disturb the present balance of power and force England to grant further concessions to maintain world peace. A change of the German-Russian relations would be sufficient to make this possible.

For Spain this situation allows three possibilities:(1) that Franco wins and, after a tremendous blood-bath,establishes his dictatorship; (2) that he cannot win in spite of help from the outside,(a help which is limited in order not to indebt him too much to the fascist nations) and that he accepts a compromise solution.There is no reason to believe that the Valencia government would not accept such a compromise under the formula of the "lesser evil"; (3) if this compromise is excluded by the action of the non-conformist elements in Spain, and if Franco does not win, Caballero will have to undertake Franco's job and do away with all opposition to the continuation of capitalism in Spain.A real economic revolution after the possible defeat of Franco would mean at

once the open intervention of all the capitalist powers. The last months have shown sufficiently that in such a case the international working class would not arise to help their fellow-workers in Spain.

The job of making Spain safe for capitalism has been allotted to Russia. We remember that Russia entered the non-intervention pact and at first refused help to the loyalists. Later this policy was changed; some foodstuffs and war materials were sent to Spain. At present, reversing her policy again, she ceased to send help. Russia, believing at first that the Madrid government would be able to crush the rebels in a short time, tried to avoid all complications for herself. She wanted a Spain friendly to France in order to fulfill the needs of the Russian-French military pact. The intervention of Germany and Italy into the civil war excluded an early success of the Madrid government. The whole thing became a little world war in which Russia had to partake to serve the French and English interests with which Russia is at present alligned. The extent of the civil war, the anarchist element in it, allowed for the possibility that in Spain capitalism itself may be wiped out. This would have meant the open intervention of many capitalist powers in Spain and a sudden clash of imperialist interests which probably would have marked the beginning of the world war.

The precarious political situation in France, at the time, allowed for the possibility that the Spanish revolution would have spread over her borders. This would have meant a civil war also in France which, under the then existing conditions, could only, if successful for the revolutionists, have lead to conflagrations with Germany and so to a world war. If unsuccessful, it would have brought fascism to France and a possible shift of policy with the probability of a scraping of the frenchrussian pact. It was necessary to bring about a balance of power, to exclude an early outbreak of the coming war and to exclude the spreading of the revolution in Spain towards an economic overturn. To prevent the latter situation, a capitalist power had to influence the revolutionary movement itself.

The existence of the C.P. in Spain was not sufficient. Its work was largely counterbalanced by the anarchists. Even the swallowing of the Socialist Party still left 50% of the political forces in the hands of the anarchosyndicalists. The latter could not be met in battle. They had to be bribed and outwitted. Recognizing that Franco would win, in case help from the outside was denied to the loyalists, the anarchists had to accept the Russian bribe and domination of the anti-fascist front which automatically worked against the anarchists. Russia be-

came very popular in Spain. The political influence of the Valencia government became stronger, the anarchist position weakened considerably. Russia's help became her weapon with which it started out to kill the revolution from the inside. If Russia would not be pleased it would withdraw its help. If the bolshevist forces were attacked, the anti-fascist front would break down. All political organizations had to fight Franco and postpone the settlement of all other questions. There was no other way out of this situation. The real conditions proved to be stronger than the political programs. It would be foolish to blame the revolutionary groups for the one or the other wrong step, as even a correct policy would have meant nothing.

International capitalism, including the Russian brand and its instrument, the Valencia government, were, under the present world situation, too much for the revolutionaries in Spain. The anarchists were at a disadvantage. They tried to make the best of an unfavorable situation. They became opportunists and it is idle to ask if they liked to be opportunists; that is, if they 'betrayed the cause' because they had no other choice. Even if their opportunistic policy did arrive at no more than the postponement of their own end, nothing else could be done. The circumstances forced the policies of the anarchists, not their own decisions. That a part of the anarchists saw in the situation, forced upon them, their own smart policy which they then tried to defend, is nothing new. Many people believe that they are pushing when they are being pushed. By the force of necessity, the anarchists became Bolsheviks, and not Bolsheviks of 1917, but of the 1936 brand.

Russia's help created a kind of blind enthusiasm for Russia and the Third International. Even in Catalonia where the "communists" were insignificant, they grew very fast and increased their influence in the U.G.T. They captured the leading role in Spain and played an ever greater part in Catalonia. This growing influence was illustrated by their undisturbed fight against the P.O.U.M. "Trebal", a daily paper of the United Communist and Socialist Party of Catalonia, wrote in November that the members of the P.O.U.M. were "agents of Franco, Hitler and Mussolini". The Russian Embassy in Barcelona handed a note to the press in which it was said that the P.O.U.M. "was bought over by international fascism". In the middle of December the P.O.U.M. representative was expelled from the Catalonia government. The leaders of the C.N.T. became somewhat uneasy on account of the growing influence of the C.P. They are afraid that the C.P. may take the whole power into their hands, but they are unable to oppose the C.P. To save themselves today, they have to nourish their dead-

ly enemy of tomorrow. Some of the anarchists still believe that in the long run they will be able to outwit the C.P., but as they lose influence continuously this will prove to be an illusion. There are only two possibilities for them, either to go Bolshevik entirely as it is expressed today in the Valencia set-up, or to be eliminated in the coming struggle against the Valencia government. Only a success of Franco would change this situation.

The Valencia government and also the anarchists have unified the military forces of the nation. The struggle in Spain is no longer one of the working class against fascism and capitalism, but a struggle between two armies of two different governments. There was no choice in the matter. Durrutti explained this situation to a reporter as follows: "For many anti-fascists the revolution is not yet a social fact, but a phase of transformation between two periods of 'normality'." When he was asked, "Don't you think the militarization might endanger the revolution, should the war go on very much longer?", he answered, "Yes. Certainly! That is why we must win the war soon". (Boletin de Informacion, Nov.18,1936.)

But the war still rages on. The revolutionary elements become less and less important. The "spirit of today" has nothing to do anymore with a revolutionary outlook. Desperation may change this and bring back a real revolutionary situation, but at present Dolores Ibarruri fumes: "Socialists, Communists, Anarchists, Republicans, Catholics, all who love their country, all united." And Espla declared at a conference in Valencia (Jan. 18.), "it is necessary to organize and win the war. Thereafter it will be possible to seek a way of organizing Spain in conformity with the peoples' desires". Carillo proclaimed: "Our immediate necessities are a powerful defense - an army, air force and fleet that can assure victory and guarantee the freedom of our coasts and our commerce". And everybody declared that "the collectivization measures taken in some parts of Spain had been premature and ill-considered, and would have the effect of making the small proprietor regard us as enemies". This 'small proprietor business' is only the phrase behind which is concealed the general refusal towards all real socialization..The agrarian decree of Oct. 7, for which the communist minister of agriculture, V.Uribf, was responsible, provided only for the confiscation of the property of those landowners who have taken an active part in the rebellion. Big-landed property, as such, therefore is not to be confiscated. Many peasants and tenants have actually confiscated the land without waiting for any government decree, but unless this process is legalized, none of them know whether a bourgeois Republic might not

take the land away from them again.

The collectivization in industry has the same character of uncertainty. There is no provision for the continuation of the present industrial organizations after the civil war. What has taken place so far had more the character of a war-necessity, the control of production for war needs, than of actual socialization. The workers councils in industry can at any time be taken away from the workers as long as the government controls the army. The collectivized enterprises run on a capital-wage relation basis and nothing else is possible as long as the whole of society is not socialistic. If there is no total socialization, then the return to the old capitalist relations is inevitable. A state capitalism a'la' Russia might be a temporary solution, but seems to be precluded as matters stand today.

Socialism is not as yet established in Spain, nor is it growing. To have such a situation, it would be necessary to deepen the revolution; but at present only attempts to flatten it further are made.

(More on Spain in following issues of the C.C.)

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THE SITUATION IN ENGLAND.

The last year has been one of considerable and widespread continuation of the progress in the economic situation that has been going on since 1932. The unemployment percentage, 12.1 per cent in October, 1936, as compared with 14.5 per cent in October, 1935, is lower than it has been at any time since 1929. Month by month the figure has been about 2.4 points below that for the corresponding month of the previous year, so that that figure - or about 300,000 men per annum - is the rate at which the number of unemployed is being reduced. With employment actually increasing at about twice that rate, since the working population is being augmented, and bearing in mind the peak of unemployment at 23 per cent in 1932, one is tempted to think things pretty good. At this rate unemployment should be wiped out in a few years.

It should, however, be borne in mind that the remaining unemployed - over a million and a half - will not be absorbed as easily as the million and a half that have been absorbed in the last four years, even if similar favorable conditions remain. Large numbers are located in the depressed areas where only special measures are likely to avail and are not too likely to be applied very thoroughly. Many have been rendered unfit for work by long involuntary idleness and "malnutrition". As the unemployment percentage falls, the proportion of those that have been unemployed for longer periods has risen; those who have been unemployed for five years or more have increased even in absolute numbers. These have doubled in number in the last year, there are now some 60-70,000 in spite of discrimination in their favor by local authorities in choosing men for relief work. This must mean that the men are not really fit for work. In the opinion of one who has made special investigations, in the relatively prosperous areas - where about one-third of the unemployed are to be found - men who are less than 45 years old and who have been out of work for three months or more are pretty certain to have some disability which makes them less desirable for the employer's point of view. They can only be employed if wages fall or if prices rise so that real wages fall.

The greater difficulty of employing more of the unem-

ployed is seen in the output figures. Retail sales have gone up 7.4 per cent (October,1935-October 1936) and business activity by 8.5 per cent. Coal output is up by 3 per cent as against 1935, but steel is up by 20 per cent and pig iron by 19 percent. (Here we see the influence of re-armament.) Production as a whole (Board of Trade Index) is up by 10 per cent. Since employment has increased only by about 6 per cent this might be considered as an increase in efficiency. But it is probable that hours worked - including overtime and diminution of short time - have increased considerably more than this and that there has already been some loss of efficiency thru the employment of men less suitable for their jobs than those previously there, and this has led to delays and difficulties of delivery. Costs are rising rapidly in shipbuilding and freights have risen as much as 17 and one-hald percent in the year. In the steel trade a reduction in exports is attributed to a diversion of limited supplies to the more urgent home demand. Examples of limitations of supply are becoming increasingly frequent. This is an index of the increasing difficulty of further diminishing unemployment.

Until recently the main item of investment on which the increasing employment has rested has been in the building industry. In the last few months it has become increasingly clear that building has reached its peak. Building plans passed in October were 12 per cent down on October 1935, though for the previous quarter there had still been a small increase (1 per cent). Dwelling house building had gone down earlier, being about 3 per cent down on the previous year for the quarter July-September 1936, and about 20 percent down for September 1936. Factories, etc., are still being built at an increasing rate. The decline in investment due to saturation of demand for houses could very easily have been the beginning of a new slump. There can be little doubt that such a relapse has been prevented by the increasing investment in armaments. It has been estimated that armament expenditure has amounted to 117 million pounds in 1934-5 and will reach 161 and 195 million pounds in the current financial year and in 1937-38 respectively.

This very large item - with the other investments that will be called forth by the increasing prosperity that will accompany it - will be sufficient to prevent a relapse thru an initial failure in investment . The danger will lie rather in the difficulties of increasing output that might lead to rising costs and rising prices in a vicious spiral and even more in the dangers of a relapse resulting from a checking of investment by measures brought on by this or designed to prevent it.

So far there are no signs that this dangerous level - which truly deserves the name of boom - has been reached. It is true there has been an increase in wages. During the year, increases of wage rates have affected about four million workers and have meant an increase in the wages of those men of about half a million pounds a week (an average of two shilling six pence a week for these men or an increase of about 10 d. a week on the average wage rate of the whole working population.)

But this is not a case of wages being forced up by militant workers bent on maintaining their real wages in the face of rising prices. A part of this consists of the restoration of economy cuts and changes according to sliding scales, while the greater part followed negotiations; only a small part "followed a cessation of work." As measured by strikes, there was a decline in militancy, the employers winning the strike twice as often as the employees. Nor has there been any appreciable tendency for real wages to fall. The cost of living is 3 per cent up on 1935 which is about the same as wage rates. There is as yet no vicious spiral. The general agreement, by representatives of various views and interests in a recent symposium in the Economist, that there should be no move at present towards dearer money is important insofar as it diminishes the danger of a reversal of recovery by monetary measures.

A further source of danger is seen by many in the balance of trade. As employment increases our imports go up to provide the extra consumption and the extra raw materials needed. This produces an unfavorable balance which may force either internal monetary restriction or a further depreciation of our currency. This danger has often been overestimated. In times of generally worsening conditions, the depreciation of a currency can have very bad effects on other countries - as when we went off gold in 1931 - but nowadays its effect can very well be the reverse, as when France devalued recently and everybody felt more comfortable. It is true that the general recovery in our activity is not found to have come about to the same extent in our foreign trade. It is this, in fact, which is one of the most important facets of our depressed areas problem. In steel, for example, we have got back beyond our 1929 record output but have only half the foreign trade. Nevertheless, it should be possible to get over these dangers if the improvement in trade in other countries continues. Recovery abroad is now much more general, and there has been a distinct acceleration in prices abroad. United States consumption has reached the 1929 level. Recovery in most other countries started later than here. This recovery should lead to an increase in

demand for our exports, which should help considerably. Also, there are signs that the importance for English prosperity of exports is receiving more attention by the authorities relatively to the need for Protection and we may see a movement away from the isolationist policy of Ottawa to one by which we reduce tariffs in return for similar concessions. This would do perhaps more for other countries which are now in a worse position than we are than it will do for us, but we should benefit thereby, for the danger from an unfavorable balance is a danger which exists only for a country which is out of step with the rest of the world.

In the absence of important political complications, the increase of prosperity can still continue for some time before the position becomes very precarious, and crisis and collapse from merely cyclical fluctuations is not therefore to be expected in 1937. But there is, of course, no reason whatever to believe that there will not be major political disturbances which will falsify prophecies based only on present economic trends.

"Controversy-No.4"

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of living of the working class increased tremendously during the up-swing period of capitalism. After the year 1850 capitalism developed rapidly and the working class consumed more than ever before. If one compares the conditions of the workers before 1850, as Engels has done in his "The conditions of the working class in England", with those shortly before the beginning of the present big crisis, them the great difference in the living standard for great masses of the proletariat becomes recognizable at once.

While analyzing this situation in detail, let us pay a little more attention to the close connection of industrial development and the increase in the standard of living.

When machine production began to develop, it destroyed at first the remnants of crafts, bringing to the craftsmen unemployment and pauperization. This process was followed by a consolidation of capital on a higher economic level and led anew to a rise of the living standard of the workers. This improvement occurred first in England and was followed, with similar symptons, during the development of industries in Germany after 1800. Other countries followed along the same line somewhat later. In America this development began as late as 1890, but it took place so rapidly that the slogan could be coined 'To each worker a Ford car'. The industrial development of Russia started about 1928 and there, too, a rapid rise in the living conditions of the workers could be witnessed.

It is not difficult to see that industrial development brought about a thoro change in the economic and social relations which, simultaneously, resulted in a higher standard of living for the entire working class. It draws great sections of the agrarian population to the cities creating, at first, a shortage in housing facilities. Feverishly new living quarters are being erected and in a very short time entire new cities arise in industry centers. This, in turn, makes necessary the construction of roads, means of transportation for the workers, as well as the installation of water, gas, electric light, and other improvements. While increasing the workers' standard of living, no doubt, these facilities are at the same time necessary to guarantee a smooth functioning of modern industry. Without such comforts, the ruling class could not exploit the workers efficiently enough. Every process in the life of the workers must be made as little complicated as possible in order to increase his rentability for the capitalist.

But also in cultural fields the industrialization leads

to improvements. No industry can work profitably with people who can neither read nor write. For this very reason the industrial bourgeoisie demands better schools for the broad masses. However, the ruling class cannot avoid that a rise of the educational level of the workers leads simultaneously to a better understanding of the capitalistic relationship and enables them to conduct their economic and political struggles more effectively. Though capitalism realizes this, it is incapable of curtailing this process because foremost of all it needs that higher cultural level of the workers in order to assure a progressive industrial development.

Another important factor, responsible for a rise in the living standard of the workers, was the steadily increasing intensity of the labor process. The machine determines the tempo, and experience soon taught the capitalists that an eight hour day would be more profitable at the end to them than a twelve hour one because the workers were able, comparatively, to turn out more products in the shorter day than in the longer one. But the greater intensity of the labor process in the shorter working time destroyed simultaneously greater energies of labor power which the worker had to restore every day anew in order to keep up with the tempo. He had to spend his free time in a manner which enabled him to resume his work the next day fresh and fully rested. Capitalism thus developed a great amusement industry which, viewed superficially, enriches the life of the worker, makes life easier. Whether or not this is the case, we leave out of consideration at this point. We only point out the fact that this amusement industry was one of the results of the capitalist speed-up system.

From the aforesaid, one can easily surmise that we do not hold the opinion that the betterment of the living standard of the working class was the result of the workers' struggle against capitalism. On the contrary, we maintain that it was the result of the relationship between the productive forces within capitalism. However, it would be childish to follow that such worldwide movements like the social democratic parties, or the trade unions, were of insignificance during the upswing period of capitalism. They performed certain useful tasks, and - unaware of it - they even furthered monopolistic tendencies and methods of rationalization; but objectively speaking, we can say today that their activity did not determine the level of the workers' living standard.

The Marxian Law of Wages.

According to the Marxian law of value, rise and decline of wages is the result of a change in the value of labor power. The value of labor power, however, is not determined by a minimum of existence, as some people tried to interpret the Marxian law. The minimum of existance is nothing else but a certain amount of consumers' goods which suffices to merely keep the human being alive. The value of labor power, on the other hand, is that amount which not only produces the life necessities but also reproduces labor power in large enough quantities and qualities to carry on the labor process. It is quite conceivable that those who identify the minimum of existence with the value of labor power, or are unable to clearly differentiate between these concepts, would be inclined to see in the rise of the workers' living standard a contradiction to the Marxian theory of value. If one, however, recognizes that with increasing intensity of labor cultural enjoyment becomes a necessity for the reproduction of labor power, then all elements embodied in the concept value of labor power disappear, and with them the apparent contradictions.

But the value of labor power is not the only factor which determines the level of wages. Of quite some importance is also the relationship between demand and supply. If demand and supply balance, then the price of labor power - the wages - will be identical with the value of labor power. Such a condition, however, hardly ever occurs. Demand and supply actually reflect the up and down-periods of capitalist production. With the increase of production, the demand for laborers increases. When the demand is greater than the supply, wages rise; when the supply of labor power is greater than the demand, wages fall. In industries where the demand for laborers cannot be met, wages might rise above the value of labor power. Labor unions attempt to avoid wage fluctuations by long-term contracts with the bosses (collective bargaining). Just the same as some capitalist groups form trusts and monopolies in order to keep prices up, so do unions attempt to build up monopolies for the commodity labor power, to keep the wages for a certain group of workers high. But just as little as capitalist monopolies succeed for all times to keep prices at a certain level, just as little do unions succeed. Simple, generally known facts substantiate our assertion that whenever unions had to start new negotiations, the basis for the new contracts had to be the new relationship between demand and supply of labor power.

A typical example of the power of the economic forces is the development of wages in Russia. Russia proves that it is irrelevant whether the labor power is bought by the state or by private enterprises. We realize, of course, that the Russian wages are steadily rising and it could not be otherwise due to the fact that here also the intensity of the labor process increases, and with it the value of labor power rises. Russia today repeats, on an enlarged and somewhat modified scale, the same process other industrialized countries had to pursue. Also in Russia the great demand for industrial workers can only be met by sending into the factories peasants whose varying cultural level must lead to a differentiation of wages, which, on account of the actual need of skilled workers, is continuously increasing. These existing wage differences prove also that Russia's wage system is bound upon the laws of capitalist commodity production. According to these laws, the living standard of the Russian masses must rise; not, however, because they are building up communism in Russia, but because labor power appears as a commodity in a country developing along capitalistic lines. The workers of other capitalist countries are being misled when they are told that the rise of wages in Russia is due to communist planning.

In the already capitalized countries, the same laws have different results. Mechanization and methods of rationalization destroyed craftmanship and skilled labor and brought about an ever sharpening tendency towards equalization of wages. The struggle of skilled and semi-skilled workers against this process of equalization was bound to end in defeat because these unionized groups had against them not only the capitalist class, but also large sections of unskilled laborers who were excluded from the unions.

Limit of Intensification

The development of capitalist commodity production in regard to the value of labor power shows several results; on the one hand it decreases and on the other hand it increases its value. Mass production which decreases the cost of production in general lowers simultaneously the value of labor power because lesser labor time is embodied in each product, resulting in a fall of prices of commodities. Methods of rationalization eliminate skilled labor and gradually do away with wage differentiations. This tendency, however, is not easily recognizable during the up-swing period of capitalism because it is overshadowed by the rising standard of living resulting from the higher intensity of the labor process. But also intensity has a limit, and many industries have already reached it. Everyone

who ever worked under the present speed-up methods knows that no worker could toil 12 or 14 hours daily anymore, and in some industries even the 8 hour day has already become too long. This is illustrated by the fact that the 40 year age limit is rapidly being established. Such measures are just as harmful for capitalism as they are for the working class because in a crisis it will be much more difficult to find a new basis for profits; it is a situation that tends to lengthen the crisis and to shorten the period of a new prosperity. For the working class it simply means that a further rise of the living standard becomes impossible. For a while wages will stagnate until a point is reached where the downward trend becomes absolute. The old labor movement, whose policy it is to fight for better living standards for the masses, is bound to suffer defeat after defeat, and due to this ineffectiveness heads towards a complete breakdown. It would be erroneous to find the explanation in the unions' numerical weakness, or in their non-revolutionary activity, but it is the economic laws of motion that dominate every phase in society, especially in regard to the value of labor power. Were the unions in a position to monopolize the price of labor power, they might be capable of increasing it temporarily above its value. However, this has already become an impossibility on account of the steadily growing army of unemployed. With this, the old labor movement has lost its ground. It continues to live on its past success. A revival of that activity is an economic impossibility. The old labor movement is doomed and must make room for new forms of organization.

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TROTSKY and Proletarian Dictatorship

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who ever worked under the present speed-up methods knows that no worker could toil 12 or 14 hours daily anymore, and in some industries even the 8 hour day has already become too long. This is illustrated by the fact that the 40 year age limit is rapidly being established. Such measures are just as harmful for capitalism as they are for the working class because in a crisis it will be much more difficult to find a new basis for profits; it is a situation that tends to lengthen the crisis and to shorten the period of a new prosperity. For the working class it simply means that a further rise of the living standard becomes impossible. For a while wages will stagnate until a point is reached where the downward trend becomes absolute. The old labor movement, whose policy it is to fight for better living standards for the masses, is bound to suffer defeat after defeat, and due to this ineffectiveness heads towards a complete breakdown. It would be erroneous to find the explanation in the unions' numerical weakness, or in their non-revolutionary activity, but it is the economic laws of motion that dominate every phase in society, especially in regard to the value of labor power. Were the unions in a position to monopolize the price of labor power, they might be capable of increasing it temporarily above its value. However, this has already become an impossibility on account of the steadily growing army of unemployed. With this, the old labor movement has lost its ground. It continues to live on its past success. A revival of that activity is an economic impossibility. The old labor movement is doomed and must make room for new forms of organization.

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N O T E:

The COUNCIL CORRESPONDENCE often accepts articles from writers who are not affiliated with the Groups of Council Communists.

These articles are signed to denote that we do not necessarily endorse the view of the writer entirely. All material presented without signature is to be considered as the collective work of the members of the Groups of Council Communists. We will appreciate suggestions, criticism and articles.

INTERNATIONAL COUNCIL CORRESPONDENCE

For Theory and Discussion

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INTERNATIONAL

COUNCIL

CORRESPONDENCE

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By the Groups of Council Communists of America

The period of progressive capitalist development is historically closed. The decline period of capital, a permanent condition of crisis, compels to ever greater convulsions of economy, to new imperialistic and military conflicts, to ever increasing unemployment and to general and absolute impoverishment of the workers. Thus is given the objective situation for the communist revolution in the capitalist countries. For the working class, there is only the revolutionary way out, which leads to the communist society. No one can deprive the workers of this task, which must be carried out by the class itself.

The publishers of Council Correspondence see in the acting self-initiative of the workers and in the growth of their self-consciousness the essential advance of the labor movement. We therefore combat the leadership policy of the old labor movement, and call upon the workers to take their fate in their own hands, to set aside the capitalist mode of production and themselves to administer and direct production and distribution in accordance with social rules having universal validity. As a fighting slogan and statement of goal we propose:

All power to the workers' councils! The means of production in the hands of the Workers!

THE BROWNSHIRTS OF ZIONISM.

A few days after the termination of the Arab strike and revolt in Palestine, two unsuspected and harmless Arabs, passing thru the Jewish town of Tel Aviv in a carriage, were fired at and wounded by "unknown assailants". Unknown for the reason that they escaped. Everybody, including the police, knows that they are to be found in the ranks of the "Revisionists" or extreme Zionist nationalists who have never concealed their liking for "direct action" and terrorism. Needless to say, they are very vocal, but hardly convincing, in proclaiming their innocence and talking of "Marxist calumnies". Yet the fight against the Arabs, a fight in which all means may be employed, is one of the guiding principles of Revisionism which has justly earned the name of Zionist Fascism. And it deserves to be noted that the Tel Aviv outrage was preceeded by statements from authoritative Revisionist sources which are near to advocating the employment of terrorist tactics. In a statement on the situation in Palestine, made on Sept. 9, 1936, Vladimir Jabotinsky, Duce of Jewish Fascism, said: "During the first weeks of the struggle, the exercise of restraint served a useful purpose. It showed that the Jew, when armed, is content to defend himself and does not attack and try to revenge himself. For this reason, I vetoed all thoughts of retaliation; but now I consider it my duty to proclaim that I have withdrawn my veto".

This unmistakable signal for terrorism was supplemented a few days later by a statement from the Viennese organ of the Revisionists, the "Nation", referring to the situation in Palestine: "It happens nowadays that Jewish newspapers in Palestine publish reports, hidden away in small type between unimportant news, of Arabs killed here and there in Palestine, of Arabs wounded, of Jews arrested and accused, etc. Jewish papers published outside of Palestine go even farther in hiding facts. They talk of Arabs being killed by Arabs. What is the good of all this eyewash? Is it our fault that the world forces us to go its ways? The world today understands no language but that of guns, machine guns and pistols. Now we too begin to learn this language. Let it not be forgotten that ours is a talented people. We have already learned many lessons. The time has come to learn the language of fire and blood". The shots in Tel Aviv provide the echo to this incitement.

The Jews are no chosen people. They are, in one respect, like other nations under capitalism, so much so, that there is even a Jewish brand of Fascism. This may surprise the casual observer who is inclined to regard Fascism as a kind of Anti-semitism, or, at least, as bound up with Anti-semitism. But it must be remembered that classical Fascism, that of Mussolini, was never anti-semitic. Fascism is an international epidemic, although in each case profoundly nationalistic. Its roots are basically the same in all countries, and is worth noting that the epidemic has not stopped at the doors of the ghetto or at the border of Palestine.

The principle germ-carriers of Jewish Fascism are everywhere the lower middle classes, although Fascist tendencies are not confined to them alone. Since the war, almost everywhere they are caught between two fires. On the one hand, they are finding it more difficult to escape pauperism; but nothing horrifies them more than the thought of becoming proletarians. This, however, is their fate. In striving to escape from it, their hatred turns against the working class. They look back upon history, to the past that never returns; and because they struggle against their inevitable submergence in the great mass of the proletariat, they are the easy prey of every demagogue who promises them the return of the Golden Age. This is the peculiar function of Fascism, itself born of the same urge, which lures them with its shrill war-cries of "national unity" and "common welfare". Instead of achieving unity with the lower classes, they permit themselves to dream of rising to upper social strata. But the paradise to which the Pied Piper of Fascism leads them inevitably turns out to be the servile state in which the middle classes are crushed and exploited as never before. The Jews have not been able to avoid this contamination...

Their abnormal situation favored the spread of the disease. To the fearful economic need to which they are subjected in all countries of eastern Europe, and in Germany, are also added national persecution, the withdrawal of political rights and even brutal physical terror. While the class-conscious workers among them take part in the social struggle of these countries with a view to solving their own national problem as a by-product of the victory of Socialism, the pressure to which they are subjected generates an inflated nationalism among the numerous petty-bourgeois elements. The fact that many countries which heretofore absorbed Jewish emigrants are now closed to them (U.S.A., Canada, South America), creates the impression that Zionism is the only solution and Palestine their "Promised Land". To them, immigration into Palestine means hopes of a better future. Each time Zionism shows itself to be incompatible with reality, the more the demagoguss find a fertile field. To the desperate masses, all kinds of quack medicine is appealing. Take for instance the plan recently proposed by the Revisionists which provides for the settlement in Palestine "on both sides of the Jordan" of one and a half million Jews within the next ten years. Obviously this widely advertised plan, which is presented with much ballyhoo, is manifestly absurd. Yet Jabotinsky is hailed as a Messiah by many of the impoverished eastern Jews who cling to every straw.

In regard to Palestine itself, the majority of the Jews who come here are sincere in proclaiming the need of a "restrafication" of the Jewish people. By turning former traders, middlemen and "air"-men into productive agricultural and industrial workers, the social structure of the Jewish people will be profoundly altered; the Jews are to be "Normalized", to use the current phrase. This idea, which is essential to Zionism, as to every other nationalism, is often supplemented by vague concepts of a socialist society in Palestine. But there is another group of immigrants composed of traders, middlemen and other unproductive elements unwilling to adjust their lives to the new conditions. To this latter group, Palestine is merely a haven in which to continue their parasitic role. This group within the Jewish community and the Zionist movement, struggling to preserve its identity as being distinct from the working class, is the social basis of Jewish Fascism.

Jabotinsky stands for a "revision" of official Zionism which he accuses of "national treason" and - "Marxism"! The methods are always the same... The Revisionists accuse the Zionist Executive of "being the agency of Arab and supposed British, rather than of Jewish, interests" They are nationalist diehards, hundred percenters. To

them official Zionism is "the renunciation of Zion". Their minimum program provides for the establishment of a Jewish State on both sides of the Jordan, i.e., including the mandated territory of Transjordan, and based on a Jewish majority in the country.

Firmly convinced "that there can be no spontaneous reconciliation with the Palestine Arabs, neither now nor in the future", Jabotinsky rejects the idea of a political parity between the two peoples and demands the creation of a Jewish military force as an indispensable condition for the realization of his aims. "Zionism is impossible without a Jewish Legion...The whole Jewish people must become a people in arms." The setting up of this Legion is also declared by the Revisionists to be "a prime necessity for the security of the British Empire". At the same time, they declare themselves ready to proceed "with, without or against the British". This flexible formula hides a pro-Italian tendency which has of late become more marked. The military formations of the Revisionists (strangely enough their shirts are brown) are regarded as the nucleus of the Legion whose purpose it is to break by force the opposition of the Arabs to Zionist penetration and to establish a "fait accompli" and possibly more than one.

It has often been remarked that there exists a close resemblance between the phraseology of Zionist Revisionism and that of German National Socialism. But the resemblance is not only one in words. The Revisionists fight "the increasing preponderance of the workers' organizations". They protest against the subsidies given by the official Zionist movement to settlements maintained by the Jewish workers. They insist that private initiative is more important than public funds. The Zionist labor movement is accused of "intransigence and lust of power", "unnecessary insistence on social conflicts", "dogmatic application of the class struggle theory which derives from Europe". All this is the more absurd since every objective observer is forced to admit that extreme nationalism is the beginning and the end of the policy pursued by the Jewish Labour Federation in Palestine. This policy is made completely subservient, in theory as well as in practice, to Zionist nationalism and renounces everything remotely connected with independent class politics. In spite of these well-known and unassailable facts, the ultra-moderate trade unions which make up the bulk of the Zionist Labor Party, are accused by the Revisionists of Marxist and Bolshevist tendencies as well as of "sacrificing ideals to the golden calf!" Compulsory labor arbitration is demanded in order to ensure the "subordination of all particular interests to the prime necessities of national unity."

Is it not obvious that, if anything, this program "derives from Europe"?

The Revisionist organization was founded in April 1925 by Vladimir Jabotinsky, a Russian Zionist journalist, who had organized a corps of Jewish volunteers in Alexandria during the world-war to serve on the Gallipoli front. Even at that early date he stood for power politics, first against Turkey, for some time against England, always against the Arabs and the workers. In 1920, Jabotinsky, then lieutenant, was expelled from Palestine by the British for organizing illegal formations. In 1923 he made a pact, behind the backs of the official Zionist Organization, with the representative of the Ukrainian "White" General and ferocious Jew-baiter Petlyura, for the creation of a Jewish corps within the frame-work of an anti-bolshevist White Guard in the Ukraine. When the intrigue leaked out, violent protests were made by the Jewish labor organizations compelling Jabotinsky to resign from the Executive of the Zionist Organization. This gave the 'enfant terrible' his chance to play his messianic role with a vengeance. He became a "leader" and, copying the Hitler movement, built up a strictly authoritarian and militarist organization based on centralized direction, the "Leader principle", and an incredible cult of the personality of the "Leader".

The adherents of the movement in Palestine, supplemented by recruits from the backward Oriental Jews, carry on a campaign against the Socialist workers which far outstrips even their terroristic offensive against the Arabs. In Palestine, too, the "extermination of Marxism" is on the agenda. Here too the workers' organizations are to be "smashed". The Revisionists' organized strike breakers, their activities resulting in pressure on the wage standard. Parading their Brown-shirts thru the streets, they did everything to provoke the workers. They attacked meetings (a meeting in honor of Brailsford, the English Socialist, was bombarded with stones by their hooligans) and organized gangs to beat up political opponents. Some years ago terrorist groups belonging to their party were discovered in Jerusalem and in Tel Aviv. In 1933 the Revisionist speakers and newspapers conducted an incredible campaign of slander, on the lines of the recent Salengro campaign in France, against Dr.Arlosoroff, then leader of the Labor Party and prominent member of the Zionist Executive. On June 15, the Revisionist Organ culminated its "mud-slinging" campaign by depicting him as a "traitor to the Jewish people, its honor and security". Thirty hours later he (Dr.Arlosoroff) was dead - assassinated in Tel Aviv, the 100% Jewish town.

Similar tactics are employed outside of Palestine. The spread of anti-semitism is welcomed by the Revisionists. They do not fight it. Rather they utilize it to further their own ends. While a wave of persecution and torture swept Germany after the Hitler coup, Jabotinsky made a speech in public in Berlin which was nothing less than a wholesale indictment of the Socialists within the Zionist movement. The aforementioned Hebrew Organ of the Revisionists, the "Hasit Ha'am", 1933, glorified Hitler and presented his movement as a shining example to Zionism. They admire Mussolini and Franco.

In Germany the Revisionists carried out raids on labor clubs. In other countries they perform attacks on Socialists. In other words, the peculiar "spirit" and methods of the Brownshirts are shown to be quite compatible with Judaism. Revisionism proper might be described, to use a mathematical formula, as "Zionism plus Hitlerism", or as "Hitlerism minus Anti-semitism".

In 1925 Jabotinsky was able to muster four followers at the Zionist Congress. In 1933 his followers captured twenty per cent of the total poll and sent forty-five delegates to the Congress. Two years later, they left the Zionist Organization and held a separate convention at which, according to their own reports, delegates representing 700,000 members of the "New Zionist Organization" participated.

The Arab revolt of 1936 was a godsend to these Fascists leading as it did to a wave of chauvinism among the Jews. The Revisionists are doing everything to make capital out of this fact. They are playing a dangerous game, since to them "a world war would be the best chance of realizing the Zionist maximum". Their aim is to become universally recognized as the standard bearers of Zionist intransigence and maximalism. Their slogan continues to be: "Judea must be reborn with fire and blood."

- ABNER BARNATAN -

(Tel Aviv)

CHILD LABOR
A Class Issue

The particular issue that causes so much intra-class conflict among the exploiters from time to time is that of child labor. But the children and youth of the land will continue to be exploited regardless of legislation, protests, and the fine desires of those capitalists whose profit-making does not require the direct expenditure of children's labor-power.

Exploitation of Child Labor is Necessary to Capitalism.

The exploitation of children is a necessary factor in production for profits. Under capitalism, the working class and its children are only a part of the investment capital in the production of surplus value. The labor-power of child workers will be always in demand in capitalist production because its maintenance and reproduction is less costly than that of adult workers. Anything necessary to the production of surplus value cannot be abolished by legislation, but only by a revolutionary working class bent upon changing the relations of production from capitalist to communist relations.

When the framers of the Child Labor Amendment made 18 years the boundary line between childhood and maturity, they had hazardous industries in mind; that is, those particular factories and mills in which the labor-power of children and youth is not so productive.

Under the codes of the one-time National Recovery Act, 100,000 children marched out of mills and factories thruout the country to make places for workers hitherto unemployed because these workers could not successfully bid for the sale of their labor-power at wages at which the children were hired. But American labor embraces more than the industrial scene. Two million children between the ages of ten and eighteen are now listed as working. Industry accounted for only a small proportion of the total. The greatest number, nearly a half million, are engaged in agriculture. Where labor-power is employed on a large scale, children's hands and eyes are important because they are cheaper, and this is why most of the agrarian states oppose legislation prohibiting child labor.

When, over a period of time, the exploitation of

children presents itself to the population in all of its degrading reality, when capitalists themselves can fully view the results of their handiwork--workers with maimed and stunted bodies, mentally subnormal and neurotic,--when such a situation tends to threaten even the existence of capital itself, only then are legislative measures formulated, interpreted, passed upon and enforced. Nevertheless, the gamut of law-making and law enforcement must leave loopholes thru which the politicians eject their interpretation of the law in the interest of those sections of capitalists for whom the labor of children is necessary for their profit-making. In short, the history of child labor legislation reveals the age-old flexibility of capitalist legislation in general, where at times the remedy is worse than the disease.

The visionaries of a haven within capitalism everlastingly rub elbows with politicians in the hope of eradicating this or that over-shadowing feature of capitalist exploitation, but the pious wishes of such "hopefuls" do not allay the affects of capital in its exploitation of the working class and its offspring, as is disclosed from the monotonous history of child labor legislation in this country.

The States' "Legislation" of Child Labor

Every State in the Union has on its statutes laws for the regulation of children's labor. But there are always ways of getting around those laws. An example of this is the amount of tenement home work done by New Jersey children, distributed to them from factories in neighboring states. Thus New York manufacturers who were sending their work to New Jersey to escape the New York regulations against tenement home work, were not subject to the penalties imposed by the New Jersey laws. In this way, they successfully dodged state laws.

Only recently New York's Legislature supported a measure designed "to outlaw sale and produotion within the State of goods made by child labor as a substitute for ratification of the Federal Child Labor Amendment".

Child workers themselves cross state lines in search of work, where state regulations conflict with the necessity which capitalism forces upon the children who must be exploited in order to live. The importation of children from one state to another is a particular feature of capitalism, and cannot be eliminated so long as capitalist relations exist. As many industries have shifted to the southern states, the difficulty of securing adequate labor power has led to the importation of children from northern cities for seasonal work,

such as exists in the canning industry, these children returning when they are no longer needed.

New York City is the worst example of tenement home work. Thousands of boys and girls, some as young as two and three years old, make artificial flowers, sew garments, make cheap toys. Tedious and menial jobs! The State cannot interfere with this kind of child labor because it licenses tenements for home employment and does not employ sufficient inspectors to see that the child labor laws are obeyed.

Industrial capitalists in some states raise the cry of "Unfairness" when their products must compete on the market with those of manufacturers in states where lower child labor standards are permitted. Even though a Federal minimum of wage rates and hours of labor were fixed for children for all the states, enforcement of these laws proved "too slow and inadequate". For this reason Congress and the Federal administration were finally looked to for the remedy.

Federal Legislation of Child Labor

In December 1906 the first proposals for a Federal law was made in Congress to "prohibit the employment of children in the manufacture or production of articles intended for interstate commerce". Ten years later, in September 1917, the Federal child labor law was adopted. Congress sought in this measure to close the channels of interstate and foreign commerce to the products of child labor. After this law had been in operation nine months, the United States Supreme Court passed a decision that the law was not a legitimate exercise of Congress's power to regulate interstate commerce and was therefore unconstitutional.

Following this decision, Congress enacted, in Feb.1919, as part of the revenue act of 1918 a provision for a tax of ten per cent on the annual net profit of certain establishments which employed children in violation of the age and hour standards laid down in the act. The Supreme Court again held that this law was not a valid exercise of Congress's right to lay and collect taxes.

Only two methods were therefore left to Congress. It must either abandon the object which was sought in the above two laws, or the constitution must be amended so as to give Congress the power which it was believed to have when these two laws were passed. The latter course was taken.

The type of law that Congress would be likely to pass under the Amendment is as follows: it would prohibit

the shipment of interstate commerce of goods produced in mines and quarries in which children under 16 years of age were employed; or in workshops or factories in which children under 14 years were employed, or in which children aged 14 to 16 worked more than eight hours a day or six days a week or between 7 p.m. and 6 a.m.

The Amendment was submitted for ratification by Congress in 1924, rejected by thirty-five states within three years after it was submitted by a two-thirds vote of Congress and revived in State legislatures in 1933 by the N.R.A. Among the 28 states which have ratified the Amendment are many which originally rejected it. As for the record of rejections by States, since 1933 there have been a total of 41 rejections;of these, eleven came in 1933, seven in 1934, nineteen in 1935, and four in 1936. So much for the hopeless attempt to regulate and prohibit the exploitation of children by capitalist legislation.

The Holy Roman Catholic Church!

The Catholic Church is poking its nose into the issue in the hope of stiffening opposition to ratifying the Amendment. The Amendment, if ratified, would "threaten interference with religious education". This reason took hold of the Church's flock of Democratic members, particularly in the New York State Assembly at Albany and prevented ratification by that Assembly. The Catholic Church partially maintains its schools, convents and orphan asylums by the labor of Catholic orphans and by the labor of those children whose parents cannot afford to pay for their training. The Church is up to its medieval trickery of hiding under its religious cloak the real reasons for its existence.

To the Ladies!

At the time woman suffrage was made lawful in this country, the economic specialists staked their hopes on the woman voter. They expected much improvement in social legislation thru the civic zeal of the woman voter and were confident that American women were against "child slavery". But, alas! furthered capitalism left its mark: there is not the enthusiasm on the part of the women for child welfare that "public spirited" individuals anticipated, although feminine philanthropists continue to go about as usual in Polyanna fashion prying into the humble affairs of working mothers. In the fashionable Biltmore Hotel in New York City, Secretary of Labor, Frances Perkins, recently appealed to 300 business and professional women "to exercise their ancient mercies" by interesting themselves

in those children who are forced to work. The capitalist class is composed of women as well as men; women who do not hesitate to exploit the children of working mothers if such exploitation assures them a life of leisure. The misery of the working class and its children arises from society's division into economic categories. Therefore, any special appeal to either sex as such is useless.

State Maintenance of Children

From time to time there is advanced the idea that the State should take over the feeding and care of the children, and in this way eliminate child labor. Altho this scheme is entirely an illusion, as capitalism needs the family form for its very existence, assuming State maintenance of children to be possible, then the value of labor-power would drop; it would no longer include the reproduction costs. If parents were relieved of the cost of maintaining their children, then in actuality the wages of the parents will be depreciated by way of competition. Childless married men would compete with the fathers of families and share in the wage reduction without being relieved of any burden. Freed of the care of their children, mothers would be forced into the labor market to sharpen the competition there. Childless wives would also be forced into the struggle for work. Male workers would be compelled to compete with women for their living and their wages would be reduced accordingly. So that capitalism gets the labor-power of the women as well as of the men for the subsistence of the two sexes, instead of only the labor-power of the men.

Child Labor Under Communism

We do not oppose child labor. On the contrary, we are in favor of children working. What we do oppose is the ruthless exploitation of both child and adult workers in the production for profits.

In the absence of capitalist relations of production, children will be required to work, but their labor will be a combination of productive labor with instructions, according to different age periods. Training children at an early age to work will be a necessity under communism. It will lay the foundation during tender years for future useful men and women of a society where each individual contributes his share to the total social labor. Freed from the necessity to exploit the labor of children, society will find no need for "demands", above all, such a sentimental one as "Prohibition of Child Labor", a demand arising from the ruthlessness of capitalist exploitation of children, coupled with the sight of children of the capitalist class who are coddled,

(continued on page 21)

WAGES AND PRICES

To conceal the real situation and disguise the manipulations of the exploiting class has always been the foremost task of the capitalist press. A willing and well serving instrument of capitalism, it does not have to try very hard to twist things around in order to make the functioning of our capitalist system difficult to understand. To get a clear picture of the complex structure of the capitalist apparatus thru newspapers is an impossibility. Statements of the press and comments on current events and economic topics only contribute to the general confusion and ignorance. However, disregarding the partiality and comments of the capitalist press, there remain a number of statistics and quotations valuable for individual analysis.

The New York "Times" said recently: "Steel prices put up to offset outlay for higher wages.....Higher wage rates may act to retard re-employment.....Higher wage rates with a shorter working week and no increase in efficiency, whatever they may mean in dollars,must mean less real income for workers....as if the worker could not get more except at the expense of capital; as if the whole question were one of fair distribution of existing income, and as if granting a living wage to the poorest paid workers were primarily a moral or a legislative issue....The real gains of labor must come from an increase in the national output".

Undoubtedly there is some truth in these statements, but what here is truthful has nothing to do with the question posed at present. True, higher wages and correspondingly higher prices do not increase consumption; on the contrary, there might result a fall in consumption since many workers and middle class people do not get an increase in income. And those workers who are fortunate enough to get wage increases may, after all, not be able to buy more commodities because, according to the theory of bourgeois economists, higher wages are met by higher prices. Hence the struggle for higher wages <u>appears</u> to be senseless since the working class does not seem to gain anything at all. This is precisely what the capitalist press has in mind with its twisting and confusing but nevertheless cleverly advanced phraseology.

What is the real issue? At closer analysis there are a few conspicuous deficiencies in this capitalist theory of wages and prices. Referring to the steel industry,

it will be noted that wages were raised almost without struggle. Due to the grand-scale armament defense programs, the steel industry could hardly fill the recent orders pouring in from everywhere. The supply--altho the steel output in the last year has been tremendous--could hardly satisfy the demand. Raw materials, too, (necessary for the steel industry, as scrap iron, copper, lead, tin) went up considerably. Under these circumstances, price increases were natural. Labor trouble, disturbing this prosperity boom, would be disastrous at this moment. To avoid trouble and loss of profits, wages were raised. Capitalism, in order to assure a smooth functioning of its industries for the near future, in this case could afford to give a little of its increased profits to labor. As mentioned before, it could also afford to raise the price since steel is very much in demand at present. Nevertheless, to let the workers know what is waiting for them if they keep on asking for higher wages, the theory of higher prices due to higher wages was brought to their attention. Labor's situation, however, is somewhat different. We recall that prices in the food and clothing industry--industries where the workers mainly invest their money for life necessities--went up long ago, and continue to rise. Precisely because of these higher prices of their life necessities, workers in other industries were forced to demand higher wages also.

The capitalist is not so wicked or greedy that he does not want to give a living wage to labor; as a matter of fact, it is of interest to each capitalist to give as many life necessities to his workers as possible in order to keep them fit for the more and more intensive work they are required to do with the growth of the productive apparatus. But each capitalist is also interested in raising his own profitability, and if possible at the expense of other capitalists. Therefore, if the prices for food, clothing and shelter can be kept down, so much the better, because in that case the wage earning class can be satisfied with less money. However, if prices for the consumption goods of the workers should rise and force them to demand higher wages, the capitalists will fight with all means at their disposal in order not to reduce their profits.

The capitalist press also stresses the point that higher wages are justified only if there is sufficient increase in efficiency and national output. While we do not refute this conception, we like to refer to the fact that both these conditions were fulfilled to a great extent last year before the present strike wave for higher wages set in. According to official statistics, the total Net Profits of several main industries for the first nine months of 1936, in comparison to the same time in 1935,

were as follows:

	1936	1935
Steel	$62,300,000	$7,500,000
Machinery	18,400,000	8,700,000
Food	97,400,000	75,800,000
Textiles	2,500,000	1,100,000

Against this tremendous gain in profits, we have the following figures for labor:

Employed in:	Nov.1936	Nov.1935
Steel	841,100	719,900
Machinery	985,600	854,500
Food	758,500	716,200
Textiles	1,707,600	1,631,000

with the following pay rolls:

Steel	$23,252,000	17,039,000
Machinery	25,117,000	19,779,000
Food	16,429,000	14,415,000
Textiles	27,621,000	25,563,000

If we bring these figures in relation to each other, we see that although average wages were about 10% higher in 1936 than a year before, capitalism succeeded in raising its net profits by an average of 50%. How high the actual output in commodities was these figures do not reveal. However, since it was possible to increase the profits so tremendously (with approximately only 10% more workers), there is reason to assume that the productivity (compare the figures of the machine industry) has grown immensely.

In another corner of the capitalist press--in the "Business Section" that is seldom read by workers--we find the following interesting statement:"...An advance such as occurred in 1936 has always been characteristic of a period in which consumption and business activity were recovering rapidly, after a depression period..For this disproportionate rise, the reason is perfectly well known. It has been only to a relatively small degree a result of the increased consumption of better times.... Primarily, it has measured the great change since the early Thirties in the world's agricultural production; particularly the recurrence of short crops such as always follows prolonged abundance; this action of Nature being emphasized by the official program of restricted acreage in this country".

Here we approach the state of reality much closer. Supply and demand, abundance of goods and restriction programs play a decisive role in the determination of the market price. It was Marx who gave us a clear

picture of the functioning of capitalist society. He started from the conception that commodities--or new values--are created by labor power only. Price is nothing but the monetary expression of value; the conversion of value into price by which commodities are expressed as quantities (hours) of social average labor. Commodities sell at their value, or in other words, in proportion to the quantity of labor realized in them in the production process. In calculating the exchangeable value of a commodity, we must add to the quantity of labor last employed, the quantity of labor previously worked up in raw materials, and labor bestowed upon the means of production. However, the real value of commodities is subject to the fluctuations of the market, namely, supply and demand. If supply and demand would equilibrate, which very rarely happens in reality, the market price of a commodity would coincide with its real value. Thus, according to the laws of supply and demand, commodities sell in the market sometimes below, sometimes above their real value.

Wages constitute only a part of prices, that is,a part of the value (or price) of the total labor time employed. The total value--in terms of money--goes partly to labor in wages, partly to the capitalist in profits. If the exploiting class is forced to give a greater share in wages to labor, its own share, the profit part, will be reduced. This would, however, broadly speaking, not affect the prices of commodities, or their values,since the labor time incorporated in a given amount of commodities has not changed thru this process.

Capitalists, by economic laws, have to raise their profitability constantly, and since the most productive enterprise realizes the highest profits, and maximum output means maximum returns, they are compelled to increase continuously the productivity by installing newer and better machinery, improving management and extracting greater efficiency from the workers. Only by enlarging the output and decreasing the cost of production can capitalists attain the required rate of profit. Because wages constitute a part of the production cost, the exploiting class has to cut down also in this direction as much as possible. Under these circumstances, labor will be forced to fight again and again for higher wages in order to acquire the necessities of life. To quote Marx: "...a struggle for a rise of wages follows only in the track of previous changes and is the necessary offspring of previous changes in the amount of production, the productive powers of labor, the value of labor, the value of money, the extent or the intensity of labor extracted, the fluctuations of market prices, dependent upon the fluctuations of demand and supply, and consistent with the different phases of the

(continued on page 21)

SHOP DELEGATES AND WORKERS' CONTROL

The article below, by Maurice Chambelland, appeared some time ago in "Revolution Proletarienne" (Paris). It deals with the question of shop delegates from a trade-unionist point of view. Our opinions differ from those stated below, but we find the views of the author, as they are related to a concrete problem in France, interesting enough to give them some space in the C.C., if for no other reason than to show that even from a trade-union outlook the problem of shop councils becomes a very important one.

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At the unity congress at Toulouse, when we were faced with the choice between the electoral program of the Popular Front and the plan of the C.G.T. (french trade unions)--a choice that was finally not made because of the unanimous resolution--we declared that we could rally to the Plan (of the C.G.T.) as against the treacherous publicity stunt of the Popular Front, under the condition that the Plan would be made complete with the institution of shop delegates.

The self-styled "realistic" authors of the Plan had not thought of that. There was not a word in the Plan about shop delegates. I deposed before the Plan commission the following text: "There shall be instituted in each concern or shop of more than fifty workers a representation of the personnel under the following form:

1. Trade union shop delegates (the word "trade union" was added at Jouhaux's insistence) having as their function the watching over the application of the collective agreements and the social law, and particularly concerning the length of work. The power of the delegates shall apply to all questions interesting the personnel of the establishment, especially hiring and dismissal.

2. 'Safety' trade union delegates whose task shall be watching over the hygiene, and protection against accidents."

Less than three months later, in June, the shop delegates were officially instituted, first by the Matignon agreement, then by the law of the 24th of June, 1936.

In my study of the role and future of the shop delegates, today a living reality in all our shops, I shall not consider the historic and juridic aspect of the question....We want to consider the question in its present aspect, from the practical angle and try to see clearly in the future. Here is something very important. It is a question of the organization and action of those who were the inspirers of the June days. In June, our labor movement was transformed. Even after unity (between the French Federation of Labor and the C.P. trade unions) it remained a movement where organizations of government employees, railway men, post office workers, teachers and workers in the public services had a marked preponderance. The industrial workers were small in number. In view of this, our trade union movement was not very representative. A true trade union movement ought to be based especially on the forces of production; it should unite, above all, the industrial proletariat.

But it was different after June. Industrial workers entered our unions by the millions. There is no factory today that has not its trade union organization and its shop delegates.

Delegates Inside the Establishments

As you know, the notion of "trade union delegates", that is to say, delegates appointed by trade union organizations, was not kept. The Matignon agreement and the law on collective bargaining stipulated that the shop delegates should be elected by the entire personnel. This is better. The shop delegates are really the direct and genuine representatives of the workers.

The elections are held by means of the secret ballot. The secret ballot offers the worker the possibility to manifest freely his opinion. This must be conserved. The workers who do not belong to the trade union can vote and can be elected. There is nothing wrong about either. Imagine a reversal of the situation. Supposing that tomorrow we are given tradd-unionism with the fascist sauce. We shall be happy to dispose of the possibility of expressing our opinion and acting in our place of work, outside of the fascist trade union organization....That does not mean that in the present elections the trade union organization of the factory should not do its best to elect its candidate.

House Committees

The law says that every establishment including more than ten workers ought to elect a delegate and a deputy delegate...This applies as well to establishments

composed of several shops or services...It would have been best to have advised immediately the delegates of the various categories to constitute among themselves a permanent organization that would bring them together periodically. In other words, we should have created, and we must create now, house committees. One day a month the delegates of the various categories will get together to examine grievances in each service,as well as general grievances...The house committee can be administered by an office. I think we must oppose the notion of a "general delegate" springing up in certain establishments. In the "Parisian Book", at the large Paul Dupont print shop, two general delegates were created for the entire establishment. They have not touched their tools since June. They are really "permanent"....but for the boss' benefit.

We must oppose the notion of "delegates general" because the trade union effort should be a "collective" effort and not an individual effort, no matter how much confidence is placed in a militant. On the other hand, forming the house committees, we should avoid duality with the trade union organism that might exist in the establishment. In the place where I work, we solved the problem by deciding that men of confidence or collectors for the trade union, or trade unions,who are not personally elected as delegates should nevertheless sit in the house committee, alongside of the delegates. Thus the house committee is at the same time the meeting of the delegates and the inter-union committee of the establishment.

The Work of the Delegates

The law says that the delegates "present to the management individual grievances that might not have satisfied immediately..." Now that there are shop delegates everywhere, we must make our comrades understand that, in their interest, they ought to abandon all direct individual grievances. We should not give the boss the opportunity to divide in order to rule. Individual grievances should be presented to the delegate of the category....who should present the disputed point to the house committee. Thus each worker and each category will profit by the total support given by the personnel to grievances individual and collective, recognized as justifiable by the house committee. It is understood that we must persuade rather than oblige; authoritarianism should be carefully avoided in the relation between the delegates and their electors.

It would be useful to specialize some members of the house committee in the periodic inspection of the establishment, and adjustment with the management of such matters as ventilation, heating, wardrobes,water closets

and showers, as well as safety devices. It would be useful to have a delegate specialize in the matter of work, --accidents and their adjustments.

The meeting of the house committee will occupy itself also with the following general grievances:

1. the enforcement of wage scales established by the collective agreement; the establishment and the respect for piece rates; the verification and the mitigation of production timing.

2. enforcement of the 40 hour week, and the policing of overtime work.

3. the organization of vacations.

All of this is accomplished normally in collaboration with the unions, since responsible union members sit in the house committee....Trade union recruiting is one of the principle task of the shop delegates. They need here the utmost of suppleness; they must avoid the creation of "cells" hostile to the trade union organization. This suppleness is just as important when dealing with members of the "Christian" or autonomous unions. Nothing must be done that would make a worker permeable to maneuvers by the boss.

The Shop Delegates and the Unions

What the delegates have to do in their shops is in fact no different from what the trade union organization has to do there. The tasks of the shop delegates and the trade union mix. Indeed, the delegate should inspire and organize the trade union in his shop....The institution of shop delegates is in a way the realization of the idea of "trade unionism in the place of work".. But how does our trade union machine work here? What are the relations between the shop delegates and the trade union organizations? If we look closely at what is happening in the Paris region, we shall notice misunderstandings that threaten to compromise this rebirth of trade unionism. (Chambelland gives a number of instances of the callous indifference and officiousness shown by the trade union offices to the shop delegates who came with grievances. He describes the several ways in which the delegates are responsible for their misunderstandings with the unions; impatience, striking with little provocation, dealing with the boss without trade union support.)

What Remedies?

The simplest way of ameliorating these relations is to plainly apply in our unions the rules of worker democracy...The trade union membership in certain trades has become too large for general assemblies. The largest hall in Paris would not suffice for some Parisian unions; and if this were possible, we should not really have there a general assembly but a huge meeting where general discussion and the power of free choice are succumbed before disgusting demagogy.

Our trade unions should try a formula which will permit them to assimilate without any trouble the movement of trade union delegates. It is the shop delegates who are now the base of the trade union. How can we apply here our old principle, according to which the trade union organization should be directed from below and not from above?

What Can Replace the General Assembly?

An annual or semi-annual congress of shop delegates preceded by serious deliberations by each house committee. All enterprises will be able to exercise the strength of the trade unions completely. The shop congresses are the formula of the future so long as they can deliberate regularly and administer the organization directly and not be just simple consulting assemblies. Each industrial branch should be given an autonomy sufficiently large to be able to exist...A liaison between the house committees is indispensable in facing the concentration of the boss victoriously. The executive commission of a local committee is formed: from half a dozen militants elected by the general assembly of trade unionists living in the locality; by a representative of each trade union section of any enterprise of that locality.

Thus the local committee can call a meeting and organize the shop delegates...The tasks of the local committees among other things consist in giving out food supplies in the event of a strike.

With reference to this, what has happened? Local committees have generally fallen under the influence of parties whose militants seized most of the positions of local "permanents" to the detriment of trade unionism...Education in theoretical and practical trade unionism must be developed to the maximum.

The Future of the Shop Delegates?

To be sure the bosses did not accept shop delegates willingly. The bosses have felt that their authority in the matter of work would be limited and reduced. It is certain the bosses will multiply their efforts to render difficult the normal functioning of the law and the application of collective conventions. We must show the shop delegates the importance of their role and indicate to them the elasticity of their powers... A thousand circumstances in the life of the shops lend themselves marvelously to the realization of worker control. But they must use their greatest initiative. Thus they will acquire the capacity of administration. Thus they will be able tomorrow to have the enterprises "turn" in the trade union region.

CHILD LABOR.-(continued from page 11)

overfed, trained at an early age to class distinction, with an aversion to work. For that future society, the demands, protests and legislation attempting to "prohibit" child labor, all the issues concomitant to the exploitation of the working class and its offspring, will form only a part of the historical epoch that was capitalism.

WAGES AND PRICES.-(continued from page 15)

industrial cycle, in one word, as reaction of labor against the previous action of capital". (Value, Price and Profit).

The need of capitalism to increase continuously its profitability on the one hand, and the growing impossibility of granting the masses a fair existence on the other hand, will sharpen its contradictions and difficulties. The capitalist press might try to dope the workers with cleverly worded phrases, but the urge to live is greater and cannot be nourished permanently with phraseology.

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NOTES ON PRODUCTIVITY AND PROFITS

Private property of the means of production was the greatest revolutionary power history has ever known. Since the beginning of industrial production (about 1800) the capitalists' desire and need for bigger profits turned out to be the great magician capable of changing the surface of entire continents in less than 100 years. Capitalism learned to master the forces of nature and to put them into its service. Its strivings for profits distributed huge amounts of commodities over almost all parts of the globe and, simultaneously, was instrumental in the tremendous increase of the population. The population of Europe, for instance, was estimated in 1800 at 187 millions; in 1910 there were 447 millions, and in 1915 already 462 millions.

Such a rapid growth was possible only on account of the fast development of the means of production which, in turn, changed also the human relationship. Industrial production specialized the labor process; workers no longer toiled for themselves but for society; they became tools in the hands of profit-hungry capitalists. Private property created vast armies of wage slaves against which chattel slavery is but child's play. "The bourgeoisie has created quite different wonders than Egyptian Pyramids, Roman waterworks and Gothic cathedrals". (Communist Manifesto). The desire for profits was the great motor in this development. But not the desire for profit alone. The capitalists, individually or united, constantly wage war against each other for the greatest possible part of the profits which the working class is able to create. The desire for profit is simultaneously a struggle <u>about</u> the profit. (To illustrate this point, let us assume the following: ten capitalists wish to share the total profit of 100. If they could reach some agreement, they would allot to each one ten units; but because they cannot agree--this is beyond their will power on account of some deeper rooted facts--they try to snatch as much as possible. Some might get 20, while the weaker might get only 5. That is why we said they fight also <u>about</u> the profit.)

The fight about the profit is, at the same time, a struggle for the preservation of capital. As a result of these struggles, we record the formation of trusts and monopolies which means that the struggles continue on an enlarged scale and disrupt from time to time the entire organism of capitalist economy.

In order to understand the rapid tempo of the social

development, it is necessary not to forget that profitability is the basis for capital production. Profitability demands alertness on the part of the individual capitalist to assure a certain profit level. How high must this level be? We may remark here that the level is determined by the social average rate of profit (of all capitalists). Some capitalists realize more than the average, some less--the total profit divided by the number of capitalists gives the average. Those capitals which remain below the average are not profitable and are bound to collapse first at the beginning of a crisis.

To assure the average profit, therefore, is the main object of any capitalist while those who realize more are interested to retain that position. We may refer to the not altogether insignificant fact that it is not greediness on the part of the capitalist to assure at least the average profit. There are other more far reaching motives. It is an empirical fact that an enterprise which realizes annually 3% profit, while the average profit demands 8%, becomes within a relatively short time unprofitable and goes bankrupt.

The necessity to gain the average profit compels every enterprise to continuous improvements of the means of production as, otherwise, it might be left behind unfit to carry on the competitive struggle. It is like a race, but a race which knows no end and whose pace increases with each cycle.

Aside from these facts, the problem of the average rate of profit can also be approached from another angle, namely, from the viewpoint of the productivity within the factories. One can easily visualize that the factory with the lowest production cost (overhead) produces not only more cheaply than others but realizes also the greatest profits. The most productive enterprise realizes the highest profits. This does not mean that it also produces the greatest amount of commodities, but it merely indicates that the cost is lowest. If we would compile the production cost of all enterprises and would compare them, we would recognize many variations which radiate around a certain index. In other words, the productivity of all enterprises radiates around the <u>social average productivity</u>.

Seen in this light, struggle for average profit is nothing else but the struggle for the social average productivity; and because each enterprise <u>must</u> assure for itself that average profit in order to continue production profitably, it is simultaneously forced to keep in line with the attained social average of productivity.

The most important factor to raise the productivity of the labor process is the installment of newer and better labor saving machinery. With them, the workers can turn out more products--the productivity per worker increases. Although this results at first in a price increase for raw materials and other means of production, this increase is compensated by the greater mass of finished products which means that the price for the single product falls. The improved technical composition of capital, therefore, enlarges the mass of products, but at the same time decreases the cost per single product. This antagonistic development forces upon the capitalist the necessity of finding new markets.

We see that the struggle for the average profit and average productifity leads directly towards the struggle for markets. And just as little as the struggle for the average rate of profit could be traced back to the capitalists' greediness, just as little can the struggle for markets--whose climax is the imperialist war--find its origin therein. Not the greediness or wickedness of the capitalists is responsible for misery and war, but rather certain laws of motion imminent in the capitalist system of production. It is an actual life necessity for capitalists to fight other private property owners, within the factories and on the open market, for the required profit rate. As long as it is possible to wage these competitive struggles with peaceful means, so long will capitalism pursue a policy of peaceful expansion. However, should it become impossible to continue profitably such a policy, or should the contradictions become unsurmountable, then the differences lead to open warfare. And again, not because the capitalists are blood-thirsty, but because the "country"--that is, capitalism as a system--is actually endangered.

The struggle of the capitalists to lower the cost of production goes hand in hand with the expansion of production. Capitalists improve the means of production because they must seek to increase the output. But the starting point of this process, as we have seen, was the struggle for average productivity and for this reason improvements are life necessities for capitalism which it cannot escape. If a capitalist does not follow the trend of technical development, his business will soon operate below the average rate of productivity and is bound to go bankrupt. He must improve his machinery because this alone enables him to lower the cost price for each commodity produced and permits him to remain in the "contest". Hence, improvement and expansion of production is the method under which the various capitals fight for preservation. The faster the technical development proceeds, the more aggressive the capitalists are in their endeavor to exploit the new devices;

only to increase manifold the output, thereby cheapening the value of the product again. A vicious circle, but whose progressive development no capitalist can retard. Along with technical development goes a tremendous waste of labor power. If Ford, for instance, increases the productivity in his factories by the introduction of better machinery, he thereby raises, at the same time, the average productivity. This means that all other automobile factories not only lag behind Ford in productivity, but that also their rentability has decreased. In relation to Ford, their invested capital for means of production has been depreciated; and although they may work at top speed, their profits begin to shrink. This tendency in the fall of the rate of profit can be overcome only by introducing the same-(or better) new devices than the competitor has introduced. Naturally, this requires an immense outlay in new capital. We see that technical development under capitalism very often means destruction of machinery that could not be termed old or worn, yet it has become old and outclassed because it does not fulfill the requirements necessary to guarantee the average rate of profit. This "moral depreciation" of machinery is the greater the faster technic develops. The capitalists, of course, anticipate such "depreciation" and build up big reserve funds. But because these funds must exceed the actual technical depreciation caused by the production process, the social waste of labor power is enormous.

A European paper said: "The enemy of fixed capital is the rising number of technical improvements and inventions which, although they help to raise the cultural level of humanity, are more destructive to economic life than is generally anticipated. How many goods are being produced never to be used! Of how much use value was a machine that had to be replaced by a more productive one, to the respective factory? We can see this process of depreciation in almost all enterprises, and we begin to recognize the enormous waste of labor and capital destruction the "machine age" has created. For some industries it has become increasingly difficult to build large enough reserve funds to replace depreciated models".

The tempo of industrial development is not only determined by technical improvements but also by the amount of profits which the workers create (by profits we understand here dividends, interest, etc.). The amount of profit, expressed in money, exceeds the amount of wages paid, probably by more than double. All profits are divided into at least two parts: one goes into the consumption fund for the capitalist, while the other is reinvested in order to realize during the following production cycle still greater profits. That part which

cannot be profitably reinvested in his own enterprise is loaned to banks or traded at the stock exchange from where it flows back into the production process of other capitalists, only to return again in the form of dividends or interest to the first capitalist.

Inasmuch as profits add new capital to the production process, they are a socially necessary function. Capital which fights for the average rate of productivity receives from the capital investing "public" the needed 'ammunition', and the fight for the preservation of the fixed capital simultaneously there becomes a struggle for investment capital.

So long as the banks have a superfluity of money, it is cheap; i.e., credits and loans have a low rate of interest. But with increasing production activity, the demand for capital grows and the rate of interest rises, or money becomes dearer. Climbing of the interest rate indicates not only a shortage of investment capital, but also that capitalists are competing among each other to get it at the most favorable rates.

It is of great importance not to lose sight of the social function of profits. It reveals that the tempo of development depends to a great degree upon the amount of capital that is seeking investment. The greater the disposable amount of profit, the more intense is the technical development. In other words: under capitalism the process of production is the more profitable the less the wage-earning class consumes. The less the wage earners consume, the more is left for the capitalist class. The more they have at their disposal, the better they can wage that necessary struggle for the preservation of capital.

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TROTSKY AND PROLETARIAN DICTATORSHIP.

Leon Trotsky fell into an error within an error. To him present "proletarian dictatorship" in Russia is more real and hence more characteristic than some vague dictatorship of the workers that shall arise in the future. Thus we have it that in Russia there is a workers' dictatorship and secondly, this supposed dictatorship is representative. That this "living example" should color his conceptions of the future forms of workers' rule is, to him, a matter of necessity. What indeed could be more indicative of things to come than the thing that has already come.

Mirroring the Russian set-up, for him, the struggle for power must proceed, in the order of their importance, with first the party; by a distant second, the unions; and last and least important, the councils. The "spontaneous factor" is properly accredited, but without the iron will, the tried and experienced, the semi-military-party, everything not only may, but must be, lost. From all of which must inevitably arise the intransigeant "line", though he would insist it is only the principle that is adamant; there must also arise the bureaucratic organization; the indisposition to admit mistakes in order to avoid affecting the organization's prestige and finally, there must arise great, greater and yet greater leaders who must respectively commit great, greater and yet greater stupidities and blunders.

In his travels, Gulliver discovered the Empire of Blefuscu. Trotsky looks thru the spyglass of his theory and finds a proletarian form of rule in Russia. The story each tells is equally entertaining and valid. For first of all things it must be established that the proletarian dictatorship (and upon this point history itself has given the ruling) can mean only a power which is grounded upon a production level permitting the introduction of economic plenty, abundance and surplus. It is a power which can assume actuality in the world-wide and communistic sense only after capitalism has run its gamut of development.

If it is taken into account that proletarian power rests, not upon the human will but like capitalist dictatorship, upon a specific level of industrial development and the resultant market conditions, (which

have priority to "will" and which determine what the human relations to production should be) then one will seek the evidence of power in the level of development, in the concomitant mode of production, in the mode of exchange.

Indeed, scientifically, there is no other way to explain an economic and political system except by an investigation of how things are made (how great, if at all, is the social division of labor) and how, if at all, these things are exchanged. Only from such an investigation evolves the information of whether exchange values are being produced, whether labor-power is exchanged for wages, whether capital is accumulating, and whether surplus-value is being appropriated. One cannot guess at a social system and insist upon having caught a right (as if by divination) against another's wrong. A system is explained by its economic mechanics and dynamics, or it is not explained nor understood.

The Simple is Too Profound

Incapable of grasping these simplicities, Trotsky snubs them out of existence by ignoring them. The truly great can only be concerned with the profundities.

This is the stage of imperialism, and countries have developed unevenly. A backward country may capture power and this may facilitate the capture of power in a more advanced country. Capitalism is an international system. Now, when workers have captured power in a backward country, while waiting for others to come to their aid, is not that a proletarian dictatorship?

When workers have captured power on the Fiji Islands, what is the world significance of such a power? It is that workers have captured power on the Fiji Islands. No more and no less.

Trotzky's is the dramatized way of looking at revolution and social processes. A general strike in a highly industrialized country has more significance from the point of view of world revolution than the capture of power upon a Fiji Island as large as one-sixth of the earth. The capturing of "power" when there is no power (industries) in a country that is ripening for capitalism (as in Russia) is the taking out of insurance that the workers are undertaking the governmental tasks of the bourgeoisie, under and not above a bourgeois system of production. It is precisely the uneven development of countries that makes for these undesired but inescapable anomalies.

It is not precluded that in the event of another such

backward October, the workers of the "West" will come to the aid in time. That is not the question here, (which, by the way, is not one that will ever be determined theoretically). The point here considered is that since the West did not come to the aid of the Russian workers, what does that make of the present Russian regime, and how does Trotzky contemplate this regime.

Trotzky makes a logical equation: the workers in Russia have captured power, hence there is a proletarian dictatorship in Russia. Even the premise for such an equation is false without introducing the peasants and their aims and the petty urban bourgeoisie with their aspirations. Nor is it correct to say that the workers without these classes or against them have conquered in October. But Trotzky sees the question of workers' power not, first, in its economic mollifications but in its phenomenal outlines. "A thing is because it seems".

But did not the workers under the Bolsheviks take power? Surely a hard and fast question calculated to dissipate any false ideas. But asking this question is but another way of saying: did not the workers enforce, by armed might, the new relations to production? To pose the question is to receive the answer: They did not. For new socialistic relations to production were not established even if the former aristocracy and few but concentrated capitalists were expropriated. To insist that nationalization of industry and state control of banking is in, and by, itself a socialist measure, is to approve of what Mussolini and, to an ever increasing extent, Hitler claims for themselves. What is pertinent is whether there is abundant industry that comes into possession of the armed workers.

The Russian Revolution, in the historical sense, was the capture of the factory-yard of the world without managing to capture the factory. Yet there remains another point to consider. On Nov. 7, 1917, the Russian proletariat defeated its enemies and retained its guns. Subsequently the "International" and "Budenny's Cavalry" were heard far and wide. Speeches concerning Socialism were promulgated from all platforms. What was the meaning of all that?

The meaning is that the proletariat, because of its propertylessness, does not, like the young bourgeoisie, establish its economic power first and then proceed to capture state power, but must act conversely. And it is this necessity that stands behind the "weak link" that has determined immature, though necessarily

justifiable, efforts at the capture of power.

Correctly construed, when the Russian workers acted, it was the world's workers acting where they could, (in Russia) because they could not yet act where they would (in industrial countries). When this backward effort succeeds, the power is both real and enigmatic. It is hinged so completely upon the mood of workers in other lands that with them it is positive, without them - negative.

The proletarian dictatorship is no mere matter of avenging oneself upon ones enemies. What is involved in the essence of such a dictatorship is the destruction of the former system of production (not as Lenin insisted: the destruction first of the state and that act is all-sufficing. Russia has illustrated that the old state can be destroyed but the old system remains), and the "freeing" of the productive capacities.

Since proletarian dictatorship is the same as an unhindered path to plenty and material equality, the former rich having been expropriated, there may logically be different forms of that dictatorship; but for it to be a workers' dictatorship in the first place, the requisite remains that this path continues, in the main, unobstructed. When a proletarian dictatorship rests upon a capitalist economy (surplus value and its appropriation, capital accumulation) and finds it necessary in the interests of its economy to enforce and produce not plenty for the workers but poverty (relative pauperization), not material equality but ever expanding inequality, one may ask, how can such a dictatorship be proletarian?

It is actually maintaining that a particular capitalism is socialism because its founders endeavored to be followers of Marx. The proof presented cannot therefore be the system but the integrity of the leaders.

Trotzky does not see capitalism in Russia, for to admit that would be admitting that other Russian workers, now either dead or dying in Verkhny,Uralsk, were right and that he was wrong. It would be both personally and politically embarrassing to the "Old Man" and then it may well be that his ignorance of Marxian economics prevents him from calling things by their name.

Trotzky looks not upon the new capitalists in Russia but upon the memory of his conquests for Socialism. It is therefore small wonder why the assassin face of Stalin is more vivid to him than the exploitation of the Russian masses. And where are these new capitalists in Russia, pray?

What is a capitalist? It is as childish to say that a capitalist is a man with a lot of money as that he is a fellow with a big waistline. A capitalist is an agency by route of which capital accumulates. He is of the class, secondly, that receives greater material means from production. In other words, in a system where the accumulation of capital goes on and where there are people who gain more than most other people, such a system bespeaks the presence of capitalists. To the system itself it is not pertinent whether the capitalist is the sole and titular owner of an industry or whether he shares it equally with a hundred others; whether he owns privately a billion dollars or a measly two hundred thousand rubles, and only a couple of servants.

What is the Proletarian Dictatorship?

The proletarian dictatorship is not a substantial and finished product like a workers' club or the Palace of Soviets; it is a process which, like all social processes, assumes definite forms only to the immediate and momentary onlooker. The Marxist must seek in this process the complete unfoldment of the entire social highway over to the point of Communism. The proletarian dictatorship does not end until what is now the most backward colonial country turns socialist. Such a gamut provides for many variations in power-form, for set-backs and for temporary defeats. For the very first effort at Proletarian dictatorship to provide a guidebook to power is surely a bit of laughter fit to peal thru the ages. But such are the conceits of the "great" of whom with the passing of Lenin and Trotzky and with the real advent of workers' power there shall be none left.

That the very term "proletarian dictatorship" has by now become objectionable to the masses is hardly to be questioned. Thanks for this is naturally due the Comintern for what it has done with this power while it existed in hot-house form, and what it has done since the defeat of the Russian proletariat. Indubitably, a new term will evolve to replace this odious one.

How a false theoretical estimate must lead to bad tactical and organizational conclusions is classically demonstrated by Trotzky's pathetic efforts to defeat Stalin by organizing the world revolution.

From "corrupt workers bureaucracy" and Bonapartism, there poured the resultant "lines" respectively of reforming the Comintern and of building a new Comintern. The failure of both efforts is too glaring to

be debated. The entry of his little crew into the slough of the Second International was the move of a frustrated man. But this frustration did not entirely fail to give rise to some wisdom, for with these uncertain moves came the realization of more possible forms than the Leninist whereby the workers may take over and "unleash" industry.

Now Trotzky may no longer be reckoned among the Marxists. He was a "great" man who cannot fit into the picture of a great multitude, which is the picture of this day.

The fiction of the proletarian dictatorship in Russia is, for Stalin, a means to kill class conscious workers and to set up a machine of world wide counter revolution; for Trotzky it is a self-defeating word-laden labyrinth. To Marxists, the present Russian regime is State Capitalist. It remains their duty to expose this prostitution to those workers who rightfully aspire to and struggle for a cleaner and healthier society.

- H. Smith -

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Herausgegeben monatlich von der Gruppe Internationaler Kommuniten, Holland; enthaelt aufschlussreiche Artikel ueber die Arbeiterbewegung und sollte fuer jeden unserer Freunde und Genossen von interesse sein. Einzelheft 10c durch uns zu beziehen.

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.·. Published at 1237 North California Avenue, Chicago, Illinois .·.

By the Groups of Council Communists of America

The period of progressive capitalist development is historically closed. The decline period of capital, a permanent condition of crisis, compels to ever greater convulsions of economy, to new imperialistic and military conflicts, to ever increasing unemployment and to general and absolute impoverishment of the workers. Thus is given the objective situation for the communist revolution in the capitalist countries. For the working class, there is only the revolutionary way out, which leads to the communist society. No one can deprive the workers of this task, which must be carried out by the class itself.

The publishers of Council Correspondence see in the acting self-initiative of the workers and in the growth of their self-consciousness the essential advance of the labor movement. We therefore combat the leadership policy of the old labor movement, and call upon the workers to take their fate in their own hands, to set aside the capitalist mode of production and themselves to administer and direct production and distribution in accordance with social rules having universal validity. As a fighting slogan and statement of goal we propose:

All power to the workers' councils! The means of production in the hands of the Workers!

ANARCHISM AND THE SPANISH REVOLUTION

The heroic struggles of the Spanish workers against the fascists is a milestone in the development of the international class movement of the proletariat. Simultaneously, this struggle put an end to the hitherto uninterrupted course of victorious fascism and initiated a new period of growing class struggles.

But this is not the only reason the Spanish Civil War is of great importance to the proletariat. Its significance lies also in the fact that it put to test the theories and tactics of anarchism and anarcho-syndicalism.

Spain has always been the classical land of anarchism. The enormous influence which anarchist doctrines gained in Spain can be understood only in relation to the peculiar class structure of the country. Proudhon's theory of individual and independent handicrafts, as well as Bakunin's application of the same theory to factories, found wholehearted support by small peasants, land and city workers. The anarchist doctrines were embraced by large sections of the Spanish proletariat and the acceptance of these doctrines was responsible for the spontaneous uprising of the workers against the fascist insurrection.

We do not mean to say, however, that the development of the struggle was also determined by anarchist ideology or that it reflects the aim of the anarchists. On the contrary, we shall presently point out that the anarchists were compelled to give up many of their old pet ideas and accept instead compromises of the worst kind. In analysing this development, we shall prove that an-

archism is incapable of solving the problems of the revolutionary class struggle. The anarchist tactics employed in Spain were unfit to cope with the situation, not because the movement was too small to allow for practical application but because the anarchist methods of organizing the various phases of the struggle were in contradiction to objective reality. This stage of development reveals striking similarities with the Russian bolsheviki of 1917. Just as the Russian bolsheviki were forced to abandon, step by step, their old theories until, finally, they were compelled to exploit the workers and peasants with bourgeois-capitalist methods, so the anarchists in Spain are now forced to accept measures which formerly had been denounced by them as being centralist and oppressive. The development of the Russian Revolution has shown the incorrectness of the bolshevist theories in solving the problems of the proletarian class struggle, and, similarly, the Spanish Civil War reveals the unfitness of the anarchist doctrines.

It seems to us of great enough importance to point out the mistakes made by the anarchists, largely because their valiant fight has induced many workers--who clearly see the treacherous role played by the representatives of the Second and Third Internationals--to believe that the anarchists are right after all. From our point of view, this is a great danger, as it tends to increase the confusion already rampant within the working class.

We consider it our duty to show, from the Spanish example, that the anarchist argumentation against Marxism is wrong; that, on the contrary, it is the anarchist doctrine which has failed. When it comes to understanding a certain situation, or to show ways and methods within a given revolutionary struggle, Marxism still takes the lead, and stands in sharp contrast to the pseudo-Marxism of the Second and Third International parties,

The weakness of the anarchist theories was shown first by the anarchist organizations on the question of organizing for political power. According to anarchist theory, the revolutionary victory would be assured and guaranteed by placing the management of the factories in the hands of the syndicates (unions). The anarchists never attempted to take away the power from the people's front government. Neither did they work toward the organization of a political soviet power. Instead of propagandizing the class struggle against the bourgeoisie, they preached class harmony to all groups belonging to the anti-fascist front. When the bourgeoisie began to curtail the power of the workers' organizations, the an-

archists joined the new government, which, according to anarchist theories, is a gross deviation from their basic principles. They tried to explain this move with the excuse that, on account of the collectivization, the new people's front government does not represent a political power, as it did before, but is merely an economic one, because its members are representatives of the syndicates to which, however, members of the petty bourgeois Esquerra also belonged. The anarchists argued: because the power lies in the factories, and the factories are controlled by the syndicates, therefore the power lies in the hands of the workers. How this actually works out we shall see below.

During the time the anarchists belonged to the government, the decree to dissolve the militia was issued. The incorporation of the militia, and the regular army, the suppression of the POUM in Madrid, were decreed with their approval. The anarchists helped to organize a bourgeois political power, but did nothing toward the formation of proletarian political power.

It is not our intention to make the anarchists responsible for development of the anti-fascist struggle and its diversion into a bourgeois blind alley. Other factors are to be blamed, particularly the passive attitude of the workers in other countries. What we most severely criticise is the fact that the anarchists have ceased to work toward a real proletarian revolution and that they identify themselves with the present development. They have thereby "smoke-screened" the position of the workers against the bourgeoisie, and gave rise to illusions for which, we are afraid, they themselves will have to pay very dearly in the future.

The tactics of the Spanish anarchists have found a number of critics in foreign liberal groups; some of these critics even accuse them of betraying anarchist ideals. But as these critics fail to see the actual situation their Spanish comrades are facing, they remain negative. It could not be otherwise. The anarchist doctrines simply cannot answer the questions that revolutionary practice raises. No participation in the government, no organization of political power, syndication of production, these are the basic anarchist slogans.

With such slogans it is utterly impossible to deal effectively with the interests of the proletarian revolution. The Spanish anarchists fell back into bourgeois practices because they were unable to replace their unrealizable slogans with revolutionary proletarian ones. Precisely for this reason, the

foreign liberal critics and advisers could not offer any solution, for these problems can be solved only on the basis of Marxian theory.

The most extreme position among the foreign anarchists is taken by the Dutch Anarchists (excepting the Dutch Anarcho-Syndicalists of the NSV, Netherlands Syndikalist Vuband). The dyed-in-the-wool anarchists of Holland refute every fight with employes' military weapons, because such struggle stands in contradiction to the anarchist ideal and goal. They deny the existence of classes, Although they cannot refuse to express their sympathy with the fighting anti-fascist masses. In reality, their position means a sabotage of the struggle. They denounce all action which purports to help the Spanish workers, such as sending weapons to them. The kernel of their propaganda is this: everything must be done to prevent spreading the conflict to other European countries. They propagate "passive resistance", a la Gandhi, whose philosophy, translated in the objective reality, means the surrender of defenseless workers to the fascist butchers.

The oppositional anarchists maintain that centralized power within the proletarian dictatorship or military staff will lead to another form of suppression of the masses. The Spanish anarchists retaliate by pointing out that they (in Spain) do not work for centralized political power; on the contrary, they favor syndication of production, which excludes exploitation of workers. They earnestly believe that the factories are in the hands of the workers and that it is unnecessary to organize all the factories on a centralistic and political basis. The actual development, however, has proven already that centralization of production is taking place and the anarchists are forced to adjust themselves to the new conditions even against their own will. Wherever the anarchist workers neglect to organize their power politically and centralistically in the factories and communes, the representatives of the bourgeois-capitalist parties, including the Socialist and Communist parties, will undertake it. This means that the syndicates, instead of being controlled directly by the workers in the factories, will be ruled according to laws and decrees issued by the bourgeois-capitalist government.

II

From this viewpoint, the question arises: is it true that the workers in Catalonia possessed the power in the factories after the anarchists had syndicated production? To answer this question, we need only to quote a few paragraphs from the pamphlet, "What is

the CNT and FAI?" (Official CNT and FAI publication.)

"The management of the collectivized factories lies in the hands of the factory councils who are elected at a general factory meeting. This council shall consist of from five to fifteen members. The term of official service on the councils is two years....

"The factory councils are responsible to the factory meeting and the industry council of the particular industry...Production is regulated by the factory council in conjunction with the industry council. They also regulate questions of compensation, sanitary conditions, etc.

"Each factory council appoints a director (manager). In factories employing more than 500 workers, the appointment must have the approval of the industry council. With the approval of the workers in the factory, each factory delegates one member of the factory council to the industry council of the 'Generalidad'. The factory councils report regularly to the factory meeting and to the IC about their activity and planning.

"In case of incompatability or refusal to carry out instructions, members of the factory council can be dismissed either by the factory meeting or the industry council.

"Should a member of the factory council be dismissed by the IC against the wishes of the workers, then the latter have the right to appeal the dismissal before the IC. The IC of the Generalidad decides the case after having heard the report of the anti-fascist general economic council.

"The general economic councils of the various industry branches consists of four representatives of the factory councils, eight representatives of the various syndicates (comprising proportionally all political groups) and four technicians. The latter are appointed by the anti-fascist general economic council. This committee is headed by a member of the industry council of the Generalidad.

"The general economic council has the following task: organization of production, computation of costs, elimination of competition between the factories, investigation of the demands for industrial products, as well as home and foreign markets, rentability and consolidation of factories, reorganization of production methods, tariffs, establishment of central markets, acquisition of means of production and raw

material, credits, establishment of technical laboratories, statistics for production and consumption, attempts to replace foreign raw material with home products, etc."

It does not require much thinking to realize that these proposals place all economic functions in the hands of the general economic council. As we have seen, the GEC consists of eight representatives of the syndicates: four from the anti-fascist general economic council appointed technicians, and four representatives of the factory councils. The anti-fascist general economic council was organized at the beginning of the revolution and consists of representatives from the syndicates and the petty bourgeoisie (Esquerra, etc.,). As the direct representatives of the workers, only the four factory council delegates could be counted upon. We note furthermore that in case of dismissal of factory council representatives, the IC of the Generalidad and the anti-fascist general economic council have decisive influence. The GEC can dismiss oppositional council members against which the workers may appeal to the industry council, but the decision rests with the anti-fascist GEC. The factory councils organize the working conditions but they are responsible not only to the workers in the factory but to the industry council as well. The factory council may appoint a director, but for the larger enterprises the consent of the IC is also required.

In brief, it can be said that the workers have actually very little to say about organization and control of factories. In reality, the syndicates govern. What that means we will investigate below.

Considering the few facts mentioned, we are unable to share the enthusiasm of the CNT about the "social development". "In the public offices pulsates the life of a real constructive revolution," writes Rosselli, in 'What is the UNT and FAI', (pp 38 and 39, German edition). According to our viewpoint, the heartbeats of a real revolution do not pulsate in the public offices but in the factories. In the offices throbs the heart of a different life, that of bureaucracy.

We do not criticise facts. Facts, realities, are determined by circumstances and conditions beyond the control of single groups; that the workers of Catalonia have not erected the dictatorship of the proletariat is no fault of theirs. The main reason lies in the confused international situation which places the Spanish workers in opposition to the rest of the world. Under such conditions, it is impossible for the Spanish proletariat to liberate itself from its

petty bourgeois ally. The revolution was doomed before it really started!

No, we do not criticize the facts. We do, however, criticize the anarchists for considering the conditions in Catalonia as being socialistic. All those who tell the workers of socialism in Catalonia - partly because they actually believe it, partly because they do not wish to lose contact and influence upon the development - prevent the workers from seeing already what is actually happening in Spain. They do not understand revolutionary principles and therefore render more difficult the development of the revolutionary struggles.

The Spanish workers cannot afford to fight effectively against the rule of the syndicates as this would lead to a complete collapse of the military fronts. They have no other alternative. They must fight against the fascists to save their lives, must accept every assistance regardless of where it comes from. They do not ask whether the result will be socialism or capitalism; they only know that they have to fight until the bitter end. Only a small section of the proletariat is consciously revolutionary.

So long as the syndicates organize the military struggle, the workers will support them; that this leads to compromises with the bourgeoisie cannot be denied and is considered as a necessary evil. The slogan of the CNT, "First the Victory Over the Fascists, and Then the Social Revolution", expresses the sentiment still prevailing among the militant workers. But this sentiment can also be explained by the general backwardness of the country which not only makes possible but even forces the proletariat into compromises with the bourgeoisie. It follows, therefore, that the character of the revolutionary struggle undergoes tremendous changes and instead of pointing toward the overthrow of the bourgeoisie, it leads to the consolidation of a new capitalist order.

Foreign Help Strangulates the Revolution

The working class in Spain fights not only against the fascist bourgeoisie, but against the bourgeoisie of the entire world. The fascist countries, Italy, Germany, Portugal and the Argentine, support the Spanish fascists in this fight with all the means at their disposal. This fact suffices to make impossible the victory of the revolution in Spain. The enormous power of the enemy states is too potent for the Spanish proletariat. If the Spanish fascists, with their tremendous power, failed to win up to now, suffering military de-

feats on several fronts, that is the result of the delivery of modern weapons from abroad to the anti-fascist government. While Mexico, from the beginning, lent support with munitions and arms on a small scale, Russia began with its support only after five months of warfare. The help came after the fascist troops, equipped with modern Italian and German arms and further aided by the fascist countries in every way, forced back the anti-fascist militia. From this resulted the possibility for further fighting. Another consequence was that Germany and Italy were compelled to send still more arms and even troops. In this way, these countries became more and more influential in the political situation. With such development of events, France and England, anxious because of their relationship with their colonies, could not remain disinterested. In view of these developments, the fight in Spain assumes the character of an international conflict between the big imperialist powers who openly or clandestinely participate in the war in order to defend old or to obtain new positions of domination. On both sides the hostile fronts in Spain are now supported with arms and other material help. It cannot yet be discerned when and where this fight will end.

Meanwhile, the Spanish workers are being saved by this help from abroad. Simultaneously, the revolution is being given its final kick. Modern arms from abroad made possible the military battle, and consequently the Spanish proletariat became subjugated to imperialist interests and primarily to Russian interests. Russia does not help the Spanish government to further the revolution, but to hinder the growth of Italian and German influence in the mediterranean zone. The stopping of Russian ships and attachments of cargo clearly designates what Russia may expect when it permits Germany and Italy to achieve victory.

Russia tries to become entrenched in Spain. We will only indicate how, as the result of Russian pressure, the Spanish workers gradually are losing their influence on the development of events; how the militia committees are dissolved, the POUM excluded from the government and the hands of the CNT tied.

For months now arms and munitions have been denied to the POUM and CNT on the Aragon front. All this proves that the power on which the Spanish anti-fascists depend materially, also governs the fight of the Spanish workers. They can try to get rid of Russian influence but they cannot do without Russian help, and will, as a last resort, take over everything Russia demands. As long as workers outside of Spain do not revolt against their own bourgeoisie, and by these

actions give active help to the revolutionary struggle in Spain, the Spanish workers will have to sacrifice their socialist goal.

The real cause of the internal breakdown of the Spanish revolution is to be found in the fact that Spanish workers have been dependent on the material help of capitalist countries (in this case on Russian state capitalism). If the revolution should extend over a sufficiently large area, if it, for example, could be effected in England, France, Italy, Germany, Belgium, then things would have another aspect. Only if the counter-revolution in the most important industrial areas of Europe were crushed, as it now is crushed in Madrid, Catalonia, Asturias, the power of the fascist bourgeoisie would be broken. White guard troops in reactionary zones could then certainly endanger the revolution; but they could no longer defeat it. Troops which do not have their base in an industry of sufficient importance very soon reach the end of their power. The workers will no longer be dependent on foreign capitalist powers if the proletarian revolution in the more important industrial areas of Europe is effected. It can then seize all power. So, once more, we state that the proletarian revolution can only be victorious if it is international. If it is confined to a small region, it will be either crushed with armed power or degenerate by being used for imperialist interests. If the proletarian revolution is strong enough on an international scale, then it need have no fear of degenerating in the direction of state or private capitalism. In the following section, we will deal with the questions which would arise under those circumstances.

The Class Struggle in "Red" Spain

Although we pointed out in the preceding section how the international situation forced the Spanish workers to compromise with the bourgeoisie, we did not imply that the class struggle in "Red" Spain was ended. On the contrary, it continues under cover of the anti-fascist people's front, and is proved by the assaults the bourgeoisie make on every stronghold of the workers' committees, by the continuous reenforcement of the position of the government. The workers in "Red" Spain cannot be indifferent to this development; on their part, they must attempt to maintain the positions they won, to prevent the further encroachments of the bourgeoisie and to give new revolutionary direction to the events.

If the workers in Catalonia do not fight against the new advances of the bourgeoisie, their complete de-

feat is certain. If the people's front government would eventually defeat the fascists, it will use all its power to push back the proletariat into its former position. The fight between the working class and the bourgeoisie will continue but under much worse conditions for the proletariat; because the "democratic" bourgeoisie, after the victory over the fascists, won by the workers, will then use all their forces in the anti-proletarian fight. The systematic disintegration of the workers' powers has been going on for months; and in the speeches of Caballero, one can already recognize what the workers may expect of the present government after they achieve victory for it.

We stated that the Spanish revolution can only be victorious if it becomes international. But the Spanish workers cannot wait for the revolution to begin in other parts of Europe; they cannot wait for the help which, until now, has been only a pious wish. They must now, at once, defend their cause not only against the fascists but against their own bourgeois allies. The organization of their power is also, in the present situation, an urgent necessity.

How does the Spanish workers' movement answer this question? The only organization that gives a concrete answer to this question is the POUM. It propagandizes for the election of a general congress of councils, out of which shall emerge a real proletarian government.

To this we reply that the foundation for such a proposal does not yet exist. The so-called "worker councils" insofar as they are not yet liquidated are to the greatest extent under the influence of the Generalidad which has stringent control over their composition. Incidentally, the election of the congress would not guarantee the power of the workers over production. Social power means more than merely the control of the government. Only if proletarian power penetrates the entire social life can it maintain itself. The central political power, however great its importance may be, is merely a link to the position of power which has its roots in every part of social life.

If the workers are to organize their power against the bourgeoisie, they must begin their task from the bottom. They must, first, free their shop organizations from the influence of official parties and unions because the latter bind the workers to the present government and thereby to capitalist society. They must try to influence, thru their shop organizations, every part of social life. Only from this basis

is it possible to build up proletarian power; only from this basis can the forces of the working class work in harmony.

The Economic Organization of the Revolution

The question of the political and economic organization of the revolution cannot be separated. The anarchists who, denied the necessity of a political organization, could not therefore give an adequate solution to the problem of economic organization. Such questions as the connection of labor in the different workshops with that of the circulation of goods, are interrelated problems insofar as the formation of workers' political power is concerned. The power of the workers in the factories cannot be maintained without the building of political labor power, and the latter cannot be maintained as labor power unless it has its roots in the organization of shop councils. So after demonstrating the necessity for the building of political power, the question arises as to the form of proletarian power, how it integrates society, and how it is rooted in the shops.

Let us assume that the workers in the principal industrial areas, for example in those of Europe, had achieved power and thus crushed the military power of the bourgeoisie to a great extent. Then the greatest menace to the revolution from the outside is obviated. But how are the workers, as common owners of the shops, to face the problem of setting the wheels rolling so that society's needs are met? For that purpose, raw materials are necessary. But where do they come from? Or, after the product is made, where should it be sent? Who needs it?

None of these problems can be solved if each factory were to work in its own way. Raw materials for the factories come from all parts of the world and the products resulting from these raw materials are consumed in all parts of the world. How are the workers to know from whom they must obtain their raw materials? How are they to find the consumers for their products? Products cannot be produced at random. The workers cannot deliver products and raw materials without knowing that both are to be appropriately used. If economic life is not to break down immediately, then methods must be found to make possible the organization of the movement of goods.

Here lies the difficulty. In capitalism, this task is accomplished by the free market and thru money. On the market the capitalists, as owners of products, face each other; here the needs of society are ascertained.

Money is the measurement for these needs. The prices express the approximate value of the products. In communism, these economic forms which spring from and are bound to private property will disappear. So the question arises: how are the needs of society to be ascertained, determined, under communism?

We know that the free market can accomplish its task only in a very limited manner. The needs which it measures are not determined by the real needs of the people, but by the purchasing power of the owners and by the amount of wages the worker receives. In communism, the real needs of the masses will be met and not those which depend solely on the contents of the pocket.

Now it is clear that the real needs of the masses cannot be ascertained by any sort of bureaucratic apparatus, but by the workers themselves. The first question here is, not whether the workers are capable of this act, but who has the disposal of the products of society? If a bureaucratic apparatus is permitted to determine the needs of the masses, then a new instrument of power over the working class is created. Therefore, it is essential that workers unite in consumers' cooperatives and thereby create the organism that expresses their needs. The same is true of the shops. Workers who are united in shop organizations ascertain the amount of raw materials they need for the products they must produce. There is, therefore, only one means under communism to ascertain the real needs of the masses; that is, the organization of producers and consumers; the organization of workers into shop organizations and consumers' cooperatives.

Now it is not sufficient for the workers to know what they need for their livelihood, and for the shops to know the necessary quantity of raw materials. The shops exchange their goods; there is a change of matter, the products go thru different phases, thru many factories until their entry into the sphere of consumption. To make this process possible, it is not only necessary to ascertain the quotas but also to administer them. So we come to the second part of the mechanism which must supersede the free market; that is, the general social accounting. This accounting must comprise the working over of statements obtained from the various shops and consumers' cooperatives to a lucid presentation which will give an accurate knowledge of the needs and possibilities of society.

If the building up of such a central accounting does not take place, then the total production will be submerged in chaos when private ownership of the

means of production is abolished and with it the free market. The free market cannot be abolished before organization of production and distribution of goods by the cooperatives of producers and consumers and the central accounting is created.

Russia showed how the "free market" against all the suppressive measures of the bolsheviki maintained itself, because the organs which were supposed to supersede it did not function. In Spain the powerlessness of the organizations to build up a communist production is clearly demonstrated by the existence of the free market. The old form of property has now another face. Instead of personal property in the means of production, the unions take on in part the role played by the former owners in a slightly modified form. The form is changed, the system remains. Property, as such, is not abolished. Barter of goods does not disappear. That is the great danger which faces the Spanish revolution from within.

The workers' task is to find a principal new form of distribution of goods. If they maintain the current forms, they would thus open all the doors to the full restoration of capitalism. In case the workers achieve a central distribution of goods, they certainly have the task of holding this central apparatus under their control. This apparatus, which is created for only registration and statistical purposes, contains the possibilities for appropriating the functions of power and create for itself an instrument of power which can be used against the workers. This development would be the first step in the direction of state capitalism.

Taking Over of Production by the Unions

This tendency is clearly discerned in Spain. Union officials are able to dispose of the apparatus of production. They have also a decisive influence over military formations. The influence of the workers on economic life extends no further than the influence of their unions. How very limited this influence is, can be proved by the measures of the unions which failed to lead to an earnest aggression against private property.

If the workers take over the regulation of economic life, one of their first acts will be leveled against the parasites. The fact that everything is purchasable with money, that money is the magic power which opens all doors, will disappear. One of the first acts of the workers will be, without doubt, the creation of a sort of labor check. These checks will be obtainable only by those who do useful work. (Special measures

regarding the aged, the ill, children, etc., will certainly be necessary).

In Catalonia this did not happen. Money remains the medium for exchange of goods. Also, there has been introduced certain control over the movement of goods which did not interfere with the workers having to bring their small possessions to pawn shops, while the house owners, for example, received guaranteed and unearned income, as much as four per cent of their capital. ("L'Espagne Antifasciste", Oct. 10).

One cannot deny the fact that the unions were unable to take other measures, otherwise they would have endangered the anti-fascist united front; and that they would surely recover what they had lost once they had vanquished the anti-fascists and accomplished all necessary reforms. The liberal character of the CNT would guarantee this.

Who argues in this manner makes the same errors as the different sorts of bolsheviki, from both the left and right. The measures accomplished up to now clearly prove that the workers still lack power. With which arguments will one defend the stand-point that the same union apparatus, which today dominates the workers, will, after the defeat of the fascists, place their power voluntarily in the hands of the workers?

Certainly the CNT is liberal. Even if we suppose that the officials of this organization would be ready to relinquish their power when the military situation permits, what would really be altered by this? Because not one or the other leader has the power. But the power is in the hands of the big apparatus which is composed of innumerable large and small "big shots" who dominate key positions as well as minor ones. They are able at the moment when driven from their privileged jobs, to turn the entire production upside down. Here arises the same problem which played such a significant role in the Russian revolution. The bureaucratic apparatus sabotaged the whole economic life as long as the workers controlled the factories. The same applies to Spain.

All the enthusiasm which the CNT has for the idea of the right of self-determination of the workshops does not alter the fact that the union committees did, in fact, take over the function of the employer and consequently forced to play the role of the exploiter of labor. The system of wage-labor is upheld in Spain. Only one aspect is changed: as wage-labor was formerly in the service of the capitalist, so it is now in the service of the unions. To prove this, we quote from "L'Espagne Antifastiste", No.24, Nov.28,1936,under the

heading of an article entitled, "The Revolution Organizes Itself":

"The provincial plenum of Granada convened at Guadix from October 2 to October 4, 1936, and adopted the following resolutions:

'5. The Committee of Union-Unity shall control the entire production (agriculture is referred to). For that purpose all material necessary for sowing and harvesting of crops shall be at their disposal.

'6. As the basis for working with other regions, each committee must make possible the excharge of goods by comparing the values of products with each other according to current prices.

'7. To expedite labor, the committee must list statistically those able to work and those unable, for it must know how much working power it can count on and how the food, according to the size of the family, is to be rationed.

'8. The confiscated land is declared to be common property. Also the land of those who have sufficient physical and professional capacity, cannot be seized. This in order to obtain a maximum of rentability.'"

(Moreover, the land of the small owners cannot be confiscated. The seizure is to be accompanied by organs of the CNT and UGT).

These resolutions are to be understood as a kind of plan according to which the Union-Unity Committee will organize agrarian production. But at the same time we must clearly note that the leadership of small enterprises, as well as the leadership of large enterprises in which the maximum rentability must be guaranteed, shall remain in the hands of the former owners. The remainder of the land must be turned over for communal purposes. That means it must be put under the control of the Union committees. Furthermore, the Union-Unity Committee (UUC) obtains control over the entire production. But not a single word indicates what part the producers themselves must play in this new order of production. This problem does not seem to exist for the UGT. They only see their task in the establishment of another leadership, namely the leadership of the UUC which still remains the base for wage-labor. Also, the question of maintenance of the wage system determines the development of the proletarian revolution. If the workers remain wage workers, as they were be-

fore, even in the service of a committee set up by their own union, their position in the system of production remains unchanged. The social revolution will be pushed away from their main direction thru the fight for economic influence for the unions or the parties which will inevitably begin. Then the question arises: how far is the union to be regarded as the real representative of the workers? In other words; how much influence will the workers have over the central union committees which dominate the entire economic life?

Reality teaches us that the workers lose all their influence or power over these organizations; even in the best case, if all workers are organized in the CNT and UGT and if they chose the committees themselves. These gradually change if they are functioning in autonomous organs of power. The committees formulate all norms for production and distribution without being responsible to the workers who raised them to their functions, and they cannot at any moment be replaced at the will of the workers. They obtain the right to dispose of all means of production which are necessary for labor as well as the products while the worker receives only a definite amount of wages in proportion to the labor expended. The problem for the Spanish workers consists, therefore, up to the present, of preserving the power over the Union committees which rule production and distribution. Here it is clearly seen that the anarcho-syndicalist propaganda produces the opposite effect: the anarcho-syndicalists maintain that all obstacles are overcome when the unions achieve the direction of production. They see the danger of the formation of bureaucracy only in the organs of the state but not in the unions. They believe that liberal convictions will make such a development impossible.

But on the contrary, it has been proved and not only in Spain, that liberal convictions will be cast aside as soon as material necessities present themselves. Even the anarchists confirm the development of a buraaucracy, "L'Espagne Antifasciste", in the January 1st number, contains an article taken from the "Tierra Y Liberatad", ("Land and Freedom" organ of the FAI) from which we quote the following:

"The last plenum of the "Regional Federation" of the anarchist groups in Catalonia has....made clear the standpoint of anarchism according to present-day demands. We will publicize all these conclusions with short comments."

The following extract is taken from these commented resolutions:

"4. It is necessary to abolish the parasitic bureaucracy which has developed to a high degree in the low and higher organs of the state."

The state is the eternal breeding place for a certain class - the bureaucracy. Today this situation becomes serious. It draws us toward a stream which endangers the revolution. Collectivization of enterprises, establishment of councils and committees became the fertile soil for a new bureaucracy which developed from the womb of the workers themselves. Disregarding the tasks of socialism and divorced from the spirit of the revolution, these elements which lead the places of production or the industries outside the control of the unions, frequently act as bureaucrats with absolute authority and behave as new masters. In the state offices and local bureaus, one can observe the growth of these "swivel-chair artists". This state of things must be ended. It is the task of the unions and the workers to erect a dam against this stream of bureaucratism. It is the union organization which must solve this problem. "The parasites must disappear from the new society. It is our urgent duty to begin the fight with our sharpest weapons and without delay."

But to drive out bureaucracy thru the unions would mean to drive the devil out with Beelzebub; because the conditions of power and not idealiztic dogmas determine the development of events. Spanish anarcho-syndicalism, nourished by anarchist doctrines, declares itself for free communism and against all sorts of central power; yet its own power is concentrated in the unions and therefore these organizations are the means by which the anarcho-syndicalists will realize "free" communism.

ANARCHO-SYNDICALISM

Thus we have seen that practice and theory of the Spanish anarcho-syndicalists are entirely different. This was already evident when the CNT and the FAI could assure their position only by renouncing, step by step, their previous anti-political attitude, and the same is now reflected in the "economic structure" of the revolution.

Theoretically, they are the vanguard of a "free" communism. However, in order to move the "free" enterprises in the interest of the revolution, they are forced to rob these enterprises of their freedom and subordinate production to a central management. Practice compels abandonment of theory, which means that the theory did not fit the practice.

We will find an explanation for this discrepancy if we thoroly analyze these theories of "free communism" which are, in the last instance, the conceptions of Proudhon, adapted by Bakunin to modern methods of production.

Proudhon's socialistic conceptions, advanced a hundred years ago, are nothing more than the idealistic conceptions of petty bourgeois who looked upon the free competition of small enterprises as the ideal goal of economic development. Free competition was automatically to do away with all privileges arising thru the money-monopolies of banks and the real estate monopolies of large landed property owners. In this way, control from above was to be made superfluous; profits should disappear and each one should receive the "full fruit of his work", because, according to Proudhon, profits were made only thru big business (trade) monopoly. "I do not intend to do away with private property, but to socialize it; that is, to reduce it to small enterprises and deprive it of its power." Proudhon does not condemn property rights as such; he sees "real freedom" in free disposal of the fruits of labor and condemns private property only as privilege and power, the master's right to private property. ("Proudhon and Socialism" by Gottfried Salomon, p.31). For instance, in order to do away with money-monopoly, Proudhon had in mind the establishment of a central credit bank for the mutual credit of the producers, thus eliminating the cost of credit-money. This reminds us of the statement in "L'Espagne Antifasciste" on October 10, as follows:

> "The syndicate CNT of the officials of the credit-bank in Madrid proposes the immediate transformation of all credit-banks into institutions for gratis-credits for the working class; that is to say, against an annual compensation of 2%..."

However, Proudhon's influence on the anarcho-syndicalists' conception is not limited to these relatively unimportant questions. His socialism fundamentally constitutes the basis of the whole anarcho-syndicalist doctrine with slight changes in regard to modern and highly industrialized conditions.

The conception of the CNT simply classifies enterprises as independent units in their "free competitive socialism". It is true that the anarcho-syndicalists do not want to return to the scale of small enterprise. They propose liquidating the small enterprises, or to let them die a natural death when they do not function rationally enough. However,

substituting Proudhon's "small enterprises" with "large enterprises", and "hand laborers" with "workers' syndicates" gives a picture of the socialism of the CNT.

The Necessity of Planned Production

In reality these theories are utopian. They are particularly unapplicable to the conditions in Spain. Free competition at this stage of development is no longer possible and even less so in a state of war and chaos, as in Catalonia. Where a number of enterprises or whole communities liberated and made themselves independent of the rest of the productive system - only in reality to exploit the consumers of their products, - now the CNT and the FAI have to suffer the consequences of their economic theories. They were forced to this step because a fight of all against all appeared inevitable otherwise, which might be of great danger in a moment when the civil war demanded the unification of all forces. They knew of no other way out but that already applied by the bolsheviki and social democrats, namely: abolition of the independence of enterprises and their subordination to a central economic management. The importance of this act is not diminished by the fact that this management is established thru their own trade unions. If the workers are nothing but wage workers in the centralistic system of production, this is, in spite of the CNT, nothing but a system functioning on capitalist principles.

This contradiction of the anarcho-syndicalists' theory and practice is partly due to their inability to find a solution to the most important problem of a proletarian revolution, with regard to economic organization, namely: how and in what way will be determined the share of the total output for each member and participant in the productive system? According to the anarcho-syndicalists' theory, this share should be determined by the independent enterprises or free individuals by the use of "free capital", thru production for the market and return of the full value thru exchange. This principle was maintained even when, years ago, the necessity of a planned production and consequently central bookkeeping was obvious. The anarcho-syndicalists see the necessity of planning the economic life and are of the opinion that this would not be feasible without central registration, meaning statistical organization of the productive factors and the social needs. However, they overlook giving a basis for these statistical requirements. It is an established fact that production cannot be investigated statistically and organized on a planned basis if

there is no measurement to be applied to the products.

Bolshevist vs. The Communist Mode of Production

Communism means production of the necessities of the broad masses. The question: how much can be consumed by individuals and how raw materials and half-finished products are to be distributed over various factories, cannot be solved in the capitalist money way. Money is an expression of certain private property relations. Money assures a certain share of the social product to its possessor. This holds good for individuals as well as enterprises. However, there is no private property of means of production under communism, nevertheless, each individual shall be entitled to a certain part for consumption from the social wealth, and each factory must have access to the necessary raw materials and means of production. How this is to be accomplished, the syndicalists answer only vaguely by pointing to statistical methods. This touches upon a very difficult problem of the proletarian revolution. If the workers would simply entrust the determination of their share to a "statistical bureau", they would in this way create a power of which they will lost control. On the other hand, regulated production is an impossibility if workers in the factories are entitled to any amount of goods.

We have, therefore, to deal with the following problem: how is it possible to unite, bring into accord, both principles which seem to be contradictory at first sight, namely, all power to the workers, meaning concentrated federalism, and planned regulation of production, which is identical with utmost centralism? We can answer this twofold question only by considering the very foundations of the total social production. Workers supply society with one and the same thing, their labor-power. In a society without exploitation, as communist society, no other measurement than the individual labor-power given to society can be valid for receiving from society the means of existence.

During the productive process, raw materials are converted into commodities by the addition of laborpower. A statistical bureau would nowadays be quite incapable of ascertaining the amount of labor incorporated in a certain product. The product has gone thru many hands, in addition an immense number of machines, tools, raw materials and half-finished products have been employed in its fabrication. While it is possible for a central statistical bureau to compile the figures necessary for a clear picture, comprising all branches in the whole reproduction process, individual factories or enter-

prises are in a much better position to determine the amount of labor crystallized in the finished products by computing the labor-time incorporated in raw materials and that necessary for the production of new goods. Since all enterprises are interconnected in the productive process, it is easy for individual enterprises to determine the total amount of labor-time required for a finished product on the basis of the figures disposable. Furthermore, it is quite easy to find out the social average labor-time by dividing the amount of employed labor-time into the amount of products. This is the final determining factor for the consumer. In order to obtain a product, he will only have to prove that he has given to society in a different form the amount of labor-time crystallized in the product that he wants for consumption. This excludes exploitation. Each one receives what he has given, each one gives what he receives; that is, the same amount of social average labor-time. There is no room under communism for a central statistical bureau at liberty to determine "their share" for different workers' categories.

The quantity for consumption of each worker is not to be determined from "above", each worker himself determines by his work how much he can demand from society, There is no other choice under communism; at least not during the first phase. Statistical bureaus can only serve administrative purposes. These bureaus can, for instance, compute social average values on hand with the use of data obtained from single factories, but these bureaus are to be rated as enterprises, the same as others. They possess no privileges. Communism could not exist where a central office exercises executive functions; under such circumstances there could exist only exploitation, suppression, capitalism.

We want, here, to stress two points: 1.-that should another dictatorship arise, this dictatorship cannot be separated from the underlying principles of production and distribution prevalent in society; 2.-if labor-time is not the direct measurement of production and distribution, but economic activity is solely regulated by a "statistical bureau" to determine the "ration" of the workers, then this situation would call for a combination system of exploitation.

The syndicalists are incapable of answering adequately the question of distribution. Only in one place, in the discussion of economic reconstruction in "L'Espagne Antifasciste", dated Dec.11,1936, this point is touched upon, as follows:

"In the case of introducing a means of exchange which

might bear no resemblance to present-day money and which will function only for the purpose of simplifying the exchange, this means of exchange will be administered thru a 'council for credit.'"

The necessity for a unit of computation for allowing an estimate of the social needs and likewise serve as a measurement for consumption and production is completely ignored. The means of exchange have, in this case, only the function of simplifying the exchange. In what way this is to be accomplished, remains a mystery. And no mention is made about the measurement for expressing the value of products in these means of exchange; no way pointed out to ascertain the needs of the masses, whether thru shop councils or consumers' organizations, or thru technicians of the administrative offices. On the other hand, the technical equipment of the productive apparatus has been dealt with in detail. Thus economic problems are converted into <u>technical problems</u> by the syndicalists.

There is a close relationship between the syndicalists and the bolsheviki in this respect: their main interest centers around the technical organization of production. The only difference between the two conceptions is the greater naivete of the syndicalists. Both try to evade the question of the formation of new economic laws of motion. The bolsheviki are only capable of answering concretely the question of technical organization, which means <u>absolute centralization under the management of a dictatorial apparatus</u>. The syndicalists, on the other hand, in their desire for "independence of single enterprises" cannot solve even this problem. In reality, when encountering this problem, they sacrifice the right of self-determination of the workers in trying to solve it.

The right of self-determination of the workers over the factories and enterprises on the one hand and centralization of management of production on the other, are incompatible so long as the foundations of capitalism, money and commodity production, are not abolished and a new mode of production, based on the social average labor-time substituted instead. This accomplishment the workers cannot expect with the aid of parties, but only by their own action.

(From "Rätekorrespondenz" No.31. April 1937)

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NATURE AND SIGNIFICANCE OF "OVERPRODUCTION"

a) Production As Reflection of Capital Accumulation.

Accumulation of unsold commodities is generally looked upon as the cause of unemployment and crisis. People who have little or no understanding of the economic forces within society, merely see the ever growing output and believe that by raising the purchasing power of the masses, the existing disparity between production and consumption could be overcome. They believe higher wages and shorter working hours would bring the desired result; overproduction would disappear and supply and demand balance once more.

By putting the word 'overproduction' in quotation marks, we indicated already our opposition to this 'common sense' theory. We hold the opinion that the cause for every crisis is to be found in the relationship between capital and labor. We know already that capitalism derives its profits from the unpaid labor of the working class. A crisis sets in when profits become insufficient to satisfy the needs of the capitalist class and its tools (the state, army and navy, judiciary system, church, etc.) and to finance the costly competitive struggle among the capitalist groups themselves. Comparing both theories, we agree that the first one sounds logical to anyone, while our conception might require a deeper knowledge of the economic structure. Without unduly complicating things, we must deal with the economic forces that lead to overproduction and crisis in order to show the fallacy of the 'common sense' theory.

During periods of normal development, production and consumption are more or less in equilibrium. Production does not grow faster than consumption; everything the factories produce is being consumed by society. (This is true notwithstanding the fact that, especially during the years after 1921, the production of coffee, rubber, sugar, wheat, due to natural influences, greatly exceeded the demand, but in relation to the <u>total</u> commodity output these exceptional cases had no influence upon the general development.) Aside from these exceptions, it is also a fact that more and more commodities are produced from year to year, and every year this "more" finds consumers. Who buys these commodities? Answer: The capitalists themselves!

As we have seen before, each year more money is thrown onto the market for profitable investment. The new capital acts as buyer of means of production, raw

materials and labor power. The new wage laborers draw their means of subsistence from the market in form of commodities. Prosperity is therefore dependent on the extent and pace with which new capital is invested profitably. The greater demand for commodities is not the expression of larger needs of the masses, but a consequence of the addition of new capital which, in order to make new profits, buys machinery,raw materials and means of subsistence. The higher the profits, the faster they will be capitalized, being the driving motor in economic life. It is an erroneous conception to believe overproduction arises thru underconsumption on the workers' part because the wages are too low. If profitability of capital is the prerequisite of production, than every increase in wages must be a contributory factor to the stagnation of production, and every decrease in wages must be looked upon as a means to stimulate business activity.

To understand "overproduction", it must be remembered that the flourishing of enterprises, the production that is growing from year to year, finds its cause in the realization of extracted and reinvested profits. In other words, the growing demand for commodities is nothing but the indication of new capital to be absorbed in profitable transactions. Consequently, accumulation of large stocks will result as soon as no more additional capital is available in the economic process. Commodities which were intended for the expansion of production will not be taken out of the market and will, in a very short time, cause an apparent "overproduction". Hence, overproduction is nothing but the interruption of the expansion process (of the accumulation). Looking at the situation superficially, it conveys a picture of unbalanced production and consumption. The equilibrium seems suddenly disrupted and production now exceeds consumption.

b) <u>Production and Stocks</u>.

Statistics of 60 important commodities well illustrate this sudden transformation to "overproduction".Looking at the year 1929, and taking 1923-25 as the index 100, we see that up to June 1929 a gradual but steady increase in production took place.The limit was reached with index 126. From this time on, production decreased slowly until in Sept.1929 it stood at 121. Since this means only a decrease of about 4% within three months, and since such small fluctuations are not unusual, it seems reasonable to assume that production within those three months did not vary considerably. In the middle of October, when there was no indication yet of a disruption of the economic phase, the stock market crash occurred and the actual collapse of industry took place.

What caused this terrific crash and how could such a sudden end disrupt the prosperity period so unexpectedly? The explanation is to be found in the fact that from June 1929 on, practically no capital accumulation took place, and for this reason production could not be expanded. Commodities intended for the expansion of production could not be taken out of the market. Within three months, the situation presented itself as a tremendous "overproduction". It did not yet exist when the expansion of production stopped in June, which is illustrated by statistics on stocks. Newspapers remarked in this respect: "The strange phenomenon is that production does not recede when stocks are large, but only when they are low." This "strange phenomenon" is easily explained if we consider the economic life as a function of capital looking for investment, an "overproduction" being formed when no new capital for the expansion of production is available. A considerable part of the commodities - that part which was intended for the expansion of production - remains in the market and grows continuously. This, in turn, causes a situation which makes it impossible for capitalists to continue production under the old conditions. The accumulated stocks will have, finally, to be disposed of as the producers have, after all, to fulfill their financial obligations. Large quantities of commodities, however, which are to be sold at any price cause a general fall of prices. This fall of prices causes the collapse of the whole economic system, and "overproduction" appears in all industries because their total output was based on the "customary" expansion speculation. In this way, production will be restricted extensively, making millions of workers unemployed.

A resumé of the various conditions gives us the following picture: A continuous expansion of production takes place in prosperity periods by capitalizing the extracted profits. This is known as the accumulation process. Suddenly, accumulation stops while production remains almost at the same level, thus causing growing stocks of commodities which were formerly absorbed in the accumulation process. Unsold stocks threaten the financial position of enterprises and therefore commodities have to be sold at any cost. A fall in prices results, followed by a sharp competitive struggle which, in turn, restricts considerably the economic development. As a last resort, the opportunity of exporting is seized, only to be repelled by the capitalistic groups of those importing countries and counterbalanced, in their favor, by high walls of tariffs and restriction schemes. The longer a crisis continues, the more violent the struggle for new markets.

The general conception of a planless production until warehouses are filled to capacity lacks experimental proof, in our opinion. If we focus our attention to the measures taken by capitalists to overcome a crisis, we see that they attempt to do away with the difficulties by starting anew on a higher level of production. In other words, capitalists try to overcome a crisis by new methods of production which not only make possible a larger output, but which simultaneously reduce the cost of production. When dealing with "overproduction", we do not, in this respect, consider single industries that have produced too many commodities in their respective line. If, for instance, cotton has been partly substituted by artificial silk, and if, as a consequence, the production of cotton is not restricted, too much cotton will be available. A crisis will occur in this case thru disproportion; i.e., the production of a particular commodity has exceeded its limit in proportion to all other commodities. However, this situation cannot cause a general crisis since "overproduction" is limited to one particular commodity and the crisis can be overcome by balancing again supply and demand. But the general "overproduction" is rooted much deeper.

c) The Disruption of the Accumulation Process.

We know already that the disruption of the accumulation process leads to a crisis, but this fact does not explain the nature of stagnation. As illustrated by statistics of production and stocks, the latter ones were low when the expansion process was interrupted. Thus there existed no difficulty in disposing of the produced goods. We can explain this disruption process only thru the economic forces of the capitalistic system which no capitalist is capable of escaping. It is caused by the same "natural laws" as "overproduction". If and when in a crisis capitalists have found a new profit basis thru lower wages, rationalization, new methods of production, and devaluation of capital, a new economic development sets in. The demand for commodities increases, capital produces again sufficient profits, and at this period the accumulation process continues. A lively demand for new capital is the result of this upswing period. But the same laws that regulate the prices of commodities, i.e. supply and demand, also regulate the price of money and, after all, there are only limited resources of money available for expansion purposes. A struggle of the capitalists for additional capital to be used in the accumulation process sets in, and whoever is able to pay the rates of interest demanded by banks and financing concerns will profit most However, a stage will be reached where the demand for capital is larger than

the supply; not enough money is finally at hand to satisfy the growing needs for loans. Enterprises that still desire to borrow additional capital for expansion of their productive apparatus will find, eventually, that money is so dear - on account of the large demand - (as well as credit-money also for the continuation of production in general) that the largest part of the profits made by the capitalists goes to the banks in form of interest. We know that profits are derived from the surplus labor time of the workers. A part of these profits goes to the consumption fund of the capitalists, and the less a capitalist is consuming, the more is added to that part which goes as additional capital to the expansion of the productive apparatus, for the continuation of the accumulation process. But, altho the workers are exploited to the limit, not enough surplus value, or profit, is produced to finance a continuous expansion. Production becomes unprofitable under these conditions;the lack of capital causes automatically the disruption of the accumulation process.

We have already dealt with the decreasing rate of profit of capital and the smaller mass of profit in relation to the growing total capital, economic factors that are leading to the collapse of the capitalistic system. (Notes on 'Productivity' in C.C.#4). We do not intend to discuss it here again, but only want to warn against forming an opinion based on data and statements of the press and superficial knowledge. On the surface, a crisis appears in the stock market and banking system as the result of lack of credit and need of capital. Taking this situation without closer analysis, one might arrive at the conclusion that we have to deal with a money-crisis and not with a production-crisis, and that a change in organization of the monetary system will do away with all difficulties.Planned accumulation of capital and proper distribution of credits is to prevent all crises. However, the determining factor in capitalist society is the competitive struggle of capital which will set time and degree of the expansion needs in the productive system, when credits and loans are needed. A planned supply of capital would therefore be identical with disregarding this struggle of capital and the dissolution of private property of the means of production in general. Planned supply of capital under private property relationship - as a theoretical abstract assumption - must result in a complete destruction of the technically weaker capital because these would be incapable of maintaining their profitability. For this very reason, it is an impossibility for the capitalist class to avoid crises thru planned production.

d) The Chronical Character of the Present Crises.

In conclusion, we like to say that the usual conception, according to which a crisis arises thru "overproduction" of various commodities, reverses the actual picture and does not explain the fundamental laws of the situation. The apparent overproduction is regarded as causing difficulties in disposing of the produced goods, which in turn leads to a decrease in profitability. In reality, the constant capital grows faster than the profits, limiting the profitability and leading, as a consequence, to a disruption of the expansion of production, the accumulation process. Only at this stage, "overproduction" becomes visible and conveys the erroneous picture that there exists an underconsumption. Overproduction is only an accompanying factor of a crisis, not the cause;it sharpens the crisis insofar as it causes a fall in prices.Even if the capitalists were capable of disposing of all "surplus" commodities, they could not eliminate crises. The cause is to be found in a different direction: economic forces are determining the degree of exploitation and the prevalent stage of technique,which can be brought in proper (profitable) relation to the exploiting capital only if fundamental changes in the composition of capital can be effected.

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NEW BOOKS

LEON TROTSKY'S THE REVOLUTION BETRAYED. - Doubleday, Doran & Co. -- 308 pages. $2.50

To readers acquainted with Trotsky's ideas and with the publications of his movement, this new book of Lenin's "co-worker" will be a disappointment as it contains very little which could be regarded as new or which had not already been stated elsewhere. For this reason, it does not seem worth while to take up again the topics treated in this volume; instead, we shall deal exclusively with those parts, however few, which somehow serve to indicate that even in the mind of the party-intellectual, changes do take place. But even such changes are only matters of emphasis, due to a growing bitterness on the part of Trotsky toward the whole Russian mess, and constitutes an attempt to adopt his "theoretical line" to a changing situation which has only too obviously contradicted previous postulates of his theory. The result only shows more clearly than ever before, the hopelessness of all attempts to revive Bolshevism; it illustrates the fact that in practice as well as in theory, Bolshevism has ceased to have any meaning for the working class.

So far as Trotsky's description of the Russian scene is concerned, his objectivity is unquestionable. Any serious student of Russia will recognize that Trotsky's book reveals the true situation prevailing in Russia. Also, as regards the history and present policy of the Third International, Trotsky has undoubtedly done justice to many important facts, even though he still tends to explain the counter-revolutionary role of this institution, as well as the similar course within Russia, as resulting largely from the stupidity and the evil character of the leaders and their organizational machines. The subjective "errors" and "crimes" of these leaders seem to play, in Trotsky's exposition, a larger part in the general development than the objective course of economic-social necessity.

The farther Trotsky searches back into the history of Bolshevism and Russia, the more meager are the results of his investigation. The times of Lenin and Trotsky are deakt with in such a superficial way that a critical evaluation of these parts of the book is an impossibility. This attitude on Trotsky's part is the more regrettable because the closest study of the period from 1917 to 1923 is a necessary presupposition to any understanding of the further development and the present state of Bolshevism. To Trotsky, Stalinism and

the betrayal of the Revolution are identical.But just the same, to explain Stalin's success, Trotsky has to take into consideration class movements within Russia; which should make it clear that the roots of Stalin's policy must be sought in pre-Stalin conditions - conditions which, however, meet with no criticism from Trotsky. Stalinism can be explained only by way of Bolshevism. If Leninism was the revolutionary stage of Bolshevism, Stalinism is its phase of consolidation. The one is unthinkable without the other. No real criticism of the results is possible without a criticism of the cause. A Marxist does not restrict his criticism of capitalism, for example, to the last phase of this society, but explains the latter by analyzing the cell-form of capital and the earliest beginnings of bourgeois society. An attack on Stalin without an attack on Bolshevism has no real value,and that is all that there is to Trotsky's book.

Trotsky writes: "Socialism has demonstrated its right to victory, not on the pages of Das Kapital,but in an industrial arena comprising a sixth part of the earth's surface - not in the language of the dialectics,but in the language of steel, cement and electricity". (8)-# This meaningless sentence, which will enable friends of Trotsky again to excuse the absence of intellect with the presence of a most brilliant style,essentially devaluates all criticism of Stalinism; for this "right" of "Socialism" has been far better demonstrated in the period of Stalin than before. Only with the latter could this "right" be demonstrated at all "in an industrial arena". Furthermore, Lenin did not think it possible for the present to demonstrate socialism's "right" in Russia, but only the "right" of state capitalism. When Trotsky later, under the cloak of innocent naivete, says that the "term 'state capitalism' has the advantage that nobody knows exactly what it means", (245), he only reveals the hope that his readers are unacquainted with Lenin's position on this question,a position which dominated the ideas of the Bolsheviks prior to Stalin's turn. The discussion as to the character of Russian economy is not new. At the eleventh party congress of the Bolsheviki,Lenin, in reply to those members who were afraid of the clearly capitalistic turn in Russia, said, "State capitalism is that form of capitalism which we shall be in a position to restrict, to establish its limits; this capitalism is bound up with the state - that is, the workers, the most advanced part of the workers, the vanguard is we. And it is we on whom the nature of this state capitalism will depend." But as concerns the masses, this clarity on the part of the bolshevik leaders with re-

- All numbers indicate pages in Trotsky's book.

gard to the state-capitalist character of Russian economy also produced the need to camouflage this state capitalism as socialism, for, as Bucharin expressed it at a gcvernment conference toward the end of 1925: "If we confess that the enterprises taken over by the State are state-capitalist enterprises, if we say this openly, how han we conduct a campaign for a greater output? In factories which are not purely socialistic, the workers will not increase the productivity of their labor." It was not convenient to tell the workers that Russia is a state capitalist system. The international bourgeoisie, however, was not in need of enlightenment on the subject;it knows quite well that business can be done with Russia in spite of the absence of individual capitalists and the taking over of their "burden" by the state apparatus. In 1921, Lenin expressed the character of the Russian economy quite well when he said that "a series of transitional stages - state capitalism and socialism - was required in order to prepare the way for qommunism," for which purpose there was needed "the aid of personal interestedness, the aid of economic calculation, the building of a substantial bridge, which, in the land of the small peasants, leads thru state capitalism to socialism," to which end "the proletarian state must become a provident, careful and skillful proprietor, the future wholesale dealer; in no other way can the land of the small peasants be raised to a high economic level."

Very often, for Lenin, state capitalism and socialism is even identical. In Towards the Seizure of Power,he writes: "Socialism is nothing but state capitalist monopoly made to benefit the whole people; by this token it ceases to be capitalist monopoly." This recognition by Lenin of the state capitalist character cf Russian economy, does not hinder Trotsky even today from declaring that his analysis of the concept state capitalism "is sufficient to show how absurd the attempts are to identify capitalist state-ism with the soviet system." (24g)

Trotsky denies the state capitalist character of Russian economy by reducing the term state capitalism to a point where it loses all meaning. That is,he sees in the concept no more than was seen in it prior to the Russian revolution, or than is seen in it today with reference to the state capitalist tendencies in fascist countries. As it is clear that Russia represents something different from what the term state capitalism implies under fascism or in bourgeois society generally, Trotsky wins his argument because he has posed the question to suit his own convenience.A full-fledged state capitalist system is surely something

other than state capitalist tendencies ,or state enterprises, or even state control in an otherwise bourgeois society. State capitalism as a social system presupposes the expropriation of the individual capitalists, that is, a revolution in property relations. While the capitalist mode of production historically grew up on the basis of individual property of the means of production, the Russian revolution has proven that under certain circumstances the capitalist mode of production can continue to exist even though the individuals proprietors are eliminated and replaced by a collective exploitation apparatus, in which no one is able to say that a particular means of production is his individual property. The Russian revolution changed property relations,but it did not change the mode of production. To deny the state capitalist character of Russia is to deny the establishment of new facts by historical development. Trotsky argues that because state capitalism in Russia is not what state capitalist tendencies are under capitalism, therefore it is not state capitalism. Marx did not foresee the possibility of a state capitalism in the Russian sense; no one foresaw such a system in all its meaning till it came about. Its existence means that tendencies have become a reality for a whole society, and it is necessary to recognize and analyse this new phenomenon created by the Russian revolution.There is no term which could express more clearly the economic order of Russia than the term state capitalism.The mode of production is capitalistic; that is to say that by means of wage labor there is an appropriation of surplus value, of profit. No longer directly the individual entrepreneurs, but by the state apparatus, which controls the means of production and distributes the surplus value according to the necessities of this system, that is, the necessities of accumulating as fast as possible and of safeguarding the apparatus by increasing its power and prestige. Only a change of the mode of production can bring about socialism; otherwise, so far as the workers are concerned, they will have only exchanged one set of exploiters for another. Under the conditions of state capitalism the process of accumulation, the building up of the productive forces by wage labor is bound up, as under capitalsim, with an increased appropriation of surplus value, with more exploitation, and hence with the development of new classes , of new vested interests, in order to make this total process possible, since the working class cannot exploit itself. This necessity sufficiently explains the Russian development; no other "line", no other "policy" could have essentially changed this development. Trotsky would have been

Stalin,if he had not been lucky enough to be kicked out at an early date. By not recognizing the state capitalist character of Russia,by describing its economic set-up as something transitional to socialism,that is, as the beginning of socialism, Trotsky only indicates his own readiness to make,if possible, another state capitalist revolution,which can result in nothing else but a new Stalinism, a new betrayal of the Revolution. Fortunately,Bolshevism has no such future, and Trotskyism will have no chance to become Stalinism.

Trotsky describes the contradictions of the Russian economic situation in the following: "To the extent that, in contrast to a decaying capitalism, it develops the productive forces, it is preparing the economic basis of socialism. To the extent that, for the benefit of an upper stratum, it carries to more and more extreme expression bourgeois norms of distribution, it is preparing a capitalist restoration. This contrast between forms of property and norms of distribution cannot grow indefinitely. Either the bourgeois norms in one form or another spread to the means of production, or the norms of distribution must be brought into correspondence with the socialist property system." (244)So that what is needed today in Russia, according to Trotsky, is a revolutionary act which replaces the present parasitical bureaucracy with a non-parasitical bureaucracy. Nothing else,in his opinion, needs to be changed, as the economic system is quite able tp proceed toward socialism in combination with the world-revolutionary trend. A new but better bureaucracy is needed to perform the social planning and regulate the social life,which ,however, needs for its full realization a tremendous amount of exploitation, as Trotsky is convinced in view of the general backwardness of Russia. This new bureaucracy,absolutely necessary in Trosky's transitional stage, will introduce a greater equality of income.But the present bureaucracy started out with the same idea, and in the beginning it limited its income and the degree of inequality. The conditions themselves, that is, the Russian economic system, not only enabled but also <u>forced</u> the present bureaucracy to greater and greater economic inequality in its own favor, in harmony with the need of a faster accumulation to secure the system as a whole. Where is the guarantee that Trotsky's new bureaucracy will be different from the present one? There is not such a guarantee as there is not such a possibility. The action of this or any other bureaucracy is conditioned by the economic system, which is one of exploitation and which Trotsky thinks adequate as a basis for further socialistic endeavours. Under the prevailing

mode of production, Russia cannot develop the pro-
ductive forces higher than capitalism did, and be-
cause it cannot do so, its system of distribution
can never exceed the norms of capitalist distribut-
ion. There is no such contradiction as the one poin-
ted out above between forms of property and norms of
distribution. This contradiction exists only in the
mind of Trotsky, because he is unwilling to say
openly that the Bolshevik revolution was only able
to change the form of capitalism, but was not able to
do away with the capitalist form of exploitation.
To point to a contradiction between its socialist
method of production and its bourgeois norm of dis-
tribution it must first be proven that Russian
state capitalism is able to do more in regard to the
development of the productive forces of mankind than
capitalism has done. But Trotsky is unable to prove
this, since so far Russia has not even reached the
capitalist levels. The Russian method of production
is in absolute harmony with its method of distri-
bution and nothing else in the premises is possible.
We suggest that Trotsky look up Marx's point of view
on this question.

Agreeing with all of Trotsky's criticism directed at
Stalinism, still it is impossible to agree with
Trotsky's position. It is so contradictionary that
after reading his book, one almost feels sorry for the
man. For he is unable to say what he really wants to
say; his past lies in the way of his understanding of
the present.

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Max Eastman, The End of Socialism in Russia.
Little Brown & Co. 75 cents.

Despite the fact that Eastman does not display more
theoretical insight in his analysis of the Russian
situation than Trotsky, nevertheless this small
booklet is by far superior to Trotsky(s larger
volume. We don't think that Eastman can be conside-
red a Marxist, even if he likes to describe himself
as such. But his exposition of the Russian scene
from a common sense point of view, tells the workers
more about the "Fatherland" then Trotsky will ever
be able to do. Eastman shares with the latter the
attitude of distinguishing between Lenins' and
Stalins' "Socialism", that is, he displays the same
lack of interest in historical truth as Trotsky,
which devaluates to a large extent his otherwise very
useful pamphlet. As there never was socialism in
Russia, it cannot have come to an end. If there was
socialism, than nothing else but socialism can exist

there today. It seems to be impossible for all these bolshevist enthusiasts to confess their earlier ignorance in relation to the question of what the Revolution brought about in Russia. However, it is never too late, to speak out the truth. And this, Eastman has done, in relation to present-day Russia. He describes it properly as a system of state capitalism and opposes here not only Stalinism but Trotskyism as well. His pamphlet will be read with profit by all revolutionary workers.

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FROM TSAR TO LENIN

(A Film edited by Max Eastman)

Whether propaganda is mightier than history is no riddle to our political intelligentsia. Documentary material released by the Russian Government for the enlightenment of the capitalist world gives ample proof of the successful attempt to correct history for the glorification of the regime. This time we find the well-trained Stalinists pointing the accusing finger at Max Eastman for his latest release Tsar to Lenin, as a film marred by the obvious desire to change the meaning of events.

We greet every attempt to attack the "crude despotism" of the so-called "Workers Fatherland" but we also reject the "crude primitivism" of Eastman to explain the Russian Revolution, its economic forces and their relation to the uprising.

We have to confess that Eastman, as the editor of the news-reelshots, has done nothing of the masterful work accredited to him by the hailing critics. We admit that it is a lovely piece of idealism, but the facts of history have been neglected. Too many events have been overlooked in the exstasy of creation, even if the accumulation of the material took over 10 years. Whether Trotsky-sympathizers look with awe upon their master shouting - All power to the Soviets- or Stalinists mumble "traitor", the torrent of flashes proves that their selection often is aimless.

Still haunted by the old man with the camera complex, the smiling condemned soldier giving up his shoes, we can't forget the Tsar's wistful ball-playing and his urge for nude-bathing. He must have been a sympathetic, democratic, little fellow. But where were the oppressed workers, the beaten farmers? Certainly the few shots of starving children and dirty workers were not the criterium of Tsarism.

And the interpretation, that it needs only the concentration of the leaders from various corners of the world, to make a successful revolution, to fullfil the destiny of a nation is quite naive. As for the American audience, after seeing the film, the Russian Revolution remains to them as nebulous as the many other manifestations we encounter along the road of truth.

P.W.

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John Strachey, The Theory and Practice of Socialism.
Random House. $ 3.50

This book is an elaborated statement on what goes today for theory and practice in the Communist Party. Neither on the general question of socialism, nor in all the detailed questions, like religion, peace, war,nationalism, liberty, etc., will the reader find one original idea, or even an old idea expressed in a new way. Strachey understands neither capitalism nor communism. He sees only the party-line. A part of the book contains essays on the development of the working class movement, which, although partly interesting and readable, are of no real import. The last part of the book, The Science of Social Change, is the most meager of the whole work, overstuffed with quotations from Engels "Anti-Dühring", illustrating most clearly Strachey's theoretical incapacities.

His book directs itself to the" best men and women of every class in Britain and America", and is inline with the present "Peoples Front Ideology".Naturally it sees in Russia the practice of socialism and in Leninism-Stalinism its theory. It also directs itself against all attempts towards socialism, by denying the possibility as well as desirability of equality. Whoever wants to be assured that Russia and Bolshevism represents nothing but a new system of capitalist exploitation should read this book.

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R E A D :

LENINISM OR MARXISM
By Rosa Luxemburg 10 cents

THE BOURGEOIS ROLE OF BOLSHEVISM 10 cents

What Communism Really Is
The Social Average Labor Time as the Basis of Communist Production and Distribution. 10 cents
Order From: Council Correspondence.P.O.Box 5343.
Chicago, Ill.

The Recovery Problem in the United States
($ 4.00)

The Brookings Institution. Washington D.C.

This book is indispensable to the lay as well as professional student of contemporary economics. It is impossible at this place to do justice to all its contents or the tremendous and important factual material which it presents.

The book recognizes that "the present world recovery movement has been under way for approximately four years, but the degree of economic improvement has been far from sufficient to absorb unemployment and to restore former standards of living. This also holds for America, in which recovery has been appreciably less than that in many other countries." This limited improvement has been possible by an increase in profitability due to better exploitation methods, increase in productivity and the reorganization of capital on many lines of economic activity. Real recovery, as measured by previous periods of recovery after crises, has not as yet occured. The downward trend of capital was stopped and turned into a new upswing, which, however, has been unable to surpass the production level of 1929. For a real boom, the 1929 level must be surpassed by far, but as yet nothing of the sort can reasonably be expected. The Brookings Institution describes the existing situation quite well in saying that it is "one of delicate adjustment and precarious balance. In a very real sense the world stands at the cross roads. We may move gradually forward along a broad front, achieving progressively higher levels of well-being; or we may suffer a reversal of current trends and enter upon a new period of recession, involving further deterioration of living standards and bringing a new era of disorganization the consequences of which no one can foresee."

The deepest point of world economy was reached in the middle of 1932. From that time on to the present the trend is upward. But four years of such favorable development have been unable to bring about a real prosperity. If the old business cycle were still in effect, a new crisis could be expected by 1938; but this crisis would set in at a lower point of production than that on which the boom of 1929 was broken. In other words the new crisis would establish the fact that capitalism was unable in the whole course of a complete business cycle to surpass the production level previously attained; it would justify the statement that capitalism is unable to overcome its stagnant character. The present depression would

have failed to fullfil its function, that is,to clear the way for further progressive advance of capitalist society.But if depression has changed,then so also has prosperity. If the former is unable to function in the well known ways, than also the latter will look different from previous periods which were called prosperous. "Prosperity" would then be nothing more than a breathing spell in an irresistiable downward-trend of capital.

The upward trend of economic development experienced lately could only reach its insufficient level by a great increase of production from public funds and by the tremendous armament program. If, in spite of the fact that it was a period of general rationalization, the years from 1921 to 1928 were already relatively unsatisfactory in regard to profitability of capital, the expectations can not be great with reference to the profit needs for further progressive accumulation on the basis of the present character of the development of production.

The Recovery Problem presents the following picture: "On a full-time basis such as prevailed in 1929,more than 20 per cent of the nations' labor force remains unutilized in 1936; by the middle of 1936 we were still 25-30 per cent below the adjusted 1929 level in both manufacturing production and total output of goods and services." A very unfavorable situation, indicating the difficulties of capitalism in bending the economic reality to suit its need for profit. After two years of depression the productivity of the workers,which previously had increased after the crash of 1929, declined considerably, making the reestablishment of profitability still more difficult and indicating the impracticability of a decisive reduction in wages as a means of over-coming the crisis. What can be saved in that way may be wholly offset by a decrease in productivity, showing once more that only an accelerated accumulation is a real solution for capitalist difficulties. But this failed to come about, in spite of a rate of interest lower than ever before in capitaliet history. The favorable circumstances for capital expansion were largely offset by many arising circumstances of an unfavorable character; as for instance, by an increase of socially unavoidable expenditures which ate from the already insufficient surplus value.

The Brooookings Institution notes that the degree of recovery so far attained was rendered possible only by a further spread between the actual output of the workers and their actual income. More value

and surplus value was realized on a given capital, and this , in conjunction with the re-organization of capital during the crisis, and also with the governmental spending program, permitted the face-lifting of capital which we have now witnessed.In so far as "prosperity" was advanced by an increase in governmental spending, made possible by extending the credit facilities, it can be justified only in case it leads to a real prosperity which will cover the deficite to whih this artificial method has given rise. So that the somewhat happy present situation is clouded by forebodings about the future. Still, the basic need remains, in the eyes of the Brookings Institution, " the absorbtion of the unemployed in the production of additional goods and services in the field of private industry, " To raise the standard of living of the wage workers, as the Institution claims it desires, involves, in their opinion, "necessarily increasing the spread between wage rates and prices. An increasing spread between wage rates and prices depends fundamentally upon increasing the efficiency of production." Prices should be lowered so to allow more purchasing power to the workers and all other classes. But if prices are lowered so also the price for labor power,otherwise profits would be reduced. However, according to the Institution. "only inconsequential increases in wages can be achieved by trenching upon the profits."The Brookings Institution wants to say that prices should fall faster than the price of labor power, a thing which characterizes the upward trend of capitalism, but which also means that the productivity of the workers must increase more rapidly than their consumption. But such a process has led to the present capitalist dilemma, to repeat the process is equivalent to bringing about the same situation, which, however, the Brookings Institution is out to change, and the gap between production and consumption, which the Institution wants to be closed,will be widened.

To be sure, the Brookings proposals are quite in harmony with the needs of capitalism; any other sort of proposals is so much nonsense.That this is the only field of action for capital is recognized by the Marxist also. More profits, more surplus labor: that is the real need of capital. If that need is satisfied, capitalist society will be happy all around. For this reason and in spite of its class harmonizing philosophy, the Brookings Institution recognizes as favorable factors in the present situation; the low rate of interest, the reduction of private indebtedness, increasing efficiency of

production and fuller utilization of capacity, making possible higher wages and higher profits in relation to prices; a sound banking and monetary policy, expnasion of foreign trade, and the accumulated deficiency of production as a stimulus to further expansion. For all these factors increase the profitability of capital.And it looks with sorrow on all the existing unfavorable factors, such as the difficulties involved in maintaining fiscal stability, the danger of price inflation, the present trend in the labor movement toward a more self-seeking activity, the ill-conceived industrial and social legislation, and also the unstable international situation.

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In the next issue of the Council Correspondence REVIEWS on:
H.Levy, The Web of Thought and Action
A.Woodburn, An Outline of Finance
A.R.Williams, THE SOVIETS
Hill & Mudie, The Letters of Lenin.

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CIVIL WAR IN CATALONIA

The recent upheaval in Catalonia as well as General Franco's purge have proven conclusively that the outcome of the war will not be decided on the battlefronts alone. Indeed, unless we follow the conflict brewing in the hinterland we lose sight of the whole meaning of the revolution.

The clash between the Generalidad and the Anarchists is a natural outgrowth of the politics of the "Peoples Front". On the one side we have a decentralized organization of politically conscious workers on the other a centralised state apparatus controlled by the Socialist and Communist Parties (P.S.U.C.)subordinated to the Moscow International.The logic of the Peoples Front politics dominated by Russian diplomacy makes the shooting and suppression of revolutionary workers inevitable.

The treacherous role of the Peoples Front was nowhere more obvious than in Catalonia, economically and politically the most progressive part of Spain. The rise of the generals has brought about a new chain of contradictions in the revolutionary process of republican Spain. These contradictions arose from the beginning of the upheaval in Catalonia where the anarchists were the most dominant political factor. We must not forget that it was the spontaineous rise of the anarchists that prevented the immediate victory of the Generals. The spontaneous counterattack of Catalonian workers consisted of taking over of factories, transportation and the Telephone Station of Barcelona,and with it the setting up of Councils and Committees . Because of its organizational form so well fitted to the spontaneous mass-struggle methods of the workers it immediately found itself in the forefront of the counter offensive.Thus it came about that the anarchists politically opposed to the council idea, were in fact the activisers of the factory- and militia- councils.This brought them into sharp opposition to the P.S.U.C. which has, since the Russian intervention, and because of an increasing influx of the left-bourgeois elements, increased its influence in the Generalidad. The P.S.U.C. though still adhering to the soviet idea in its program on paper, advocates a bourgeois-democratic authoritarian policy. Caballero has only recently declared that the spanish Communist Party is with the bourgeois-liberal parties of the Peoples Front government on the right of the Spanish Republic of which the Socialist Part is the Center.

Because of their anti-centralization, anti-state

doctrine the anarchists failed to give its comittees the necessary methods of control,which the logic of its mass power demanded. The third political organization of the Catalonian workers , the P.O.U.M., though ccnfirming to the central idea of political power for the masses,does not at all fit into the spanish scene due to its leninist character. There were two governments: the hundreds of de-centralized comittees reigned from below and the State apparatus from above. A double reign which must give rise to dangerous conflicts. The anarchists remained aloof and failing to centralise the power of the masses sought to ameliorate this failure by entering the Generalidad. With this they succeeded in obscuring the contradictions between the committees and the central power but did not do away with them. The tension increased and gave rise to continual friction between organs of the state and the committees and thus resulting in repeated government crises. If the anarchists did not try to solve the conflict by insisting upon a council system with all the power at its disposal,then the Generalidad and also the Valencia government could set out to make an. end to this rival power by insisting upon the disarming of the anarchist workers. The recent collision has brought the problem to the fore: either total control of centralised councils or a central government in the interest of bourgeois democracy. The struggle in Barcelona indicates that the anarchists at the same time went too far and also not far enough in their struggle within the framework of the Peoples Front policy.

About the Barcelona collision itself we will bring a few facts which the newspapers friendly to the "Peoples Front" preferred to overlock.

1) The hostilities were the spontaneous reaction of the anarchist masses to the decrees of the Valencia Government which tried to subordinate the catalan militia to the military general staff. Politically the government attacked the anarchists and not vice versa. To justify its decree, the government pointed to the stagnation of the offensive on the Aragon front, blaming the anarchists for this situation. The inactivity of the catalan militia is due mostly to its inadequate military supply,especially artillery. Furthermore, even if the Catalonians have no great victories to point to, neither have they suffered any such catastrophic defeats as Toledo and Malaga. They have hold the Aragon front.

2) The shooting began in Barcelona on May 3 when upon the orders of the Generalidad, the anarchists were

ordered to leave the Telephone Station which they have held from the beginning. The military attack also was initiated by the government and not by the anarchists. It is proven beyond doubt that the anarchists did not undertake a "putch".

3) The leadership of both the F.A.I. and the C.N.T. had no hand in the spontaneous resistance.For even on the first of the three day struggle they have used press and radio to urge their followers to make an end to the shooting and to enter negotiations with the socialist unions and the government. Hostilities ceased when the anarchists left the Telephone Building upon the condition that no reprisals were to be taken against them.The government waived police occupation.

The fight in Barcelona ended in a compromise;that is, on the surface everything remained as before. The opposition press is appearing again, though with blank spaces deleted by the censor. The funeral of the victims was turned into a mass demonstration. The arrested were all freed, with the exception of a few leftist radicals who were taken to the private jail of the Communist Party. The local committee of the P.O.U.M. declared openly in its La Batalla,May 12, "with armed hands have we answered the provocation of the Reformists". The change in the Generalidad,too, was a result of the compromise.The C.N.T. is, as before, represented in it. Only the P.O.U.M. was ousted from the Comitteee of Defense,but is not curbed in its political activity.

Meanwhile the Valencia Government had used the conflict to solidify its own position by decreeing the militarization of the catalan militia,by the disarming of the civilians and the councils,using 5000 civil guards from Valencia for the task. It has also appointed two executives to take over both civil and military power. General Pozas for the army and Colonel Escobar of the national guard as police chief. The disarming,however, pertains only to the civilian population.The militia of the C.N.T. and the P.O.U.M. are closed politically unfied bodys which cannot be touched without provoking a new slaughter and endangering the Aragon Front.

The attack against Catalonian Anarchism was instituted against the will of Caballero who resisted it sharply. In his paper "Adelante" of May 11 appeared an article condemning the control of the Comintern over the spanish Communist Party and taking a stand against the sudden request to oust the Anarchists from the Valencia Government. The article ends with

the following: "A government composed mainly of working class representatives cannot resort to methods that are reserved for reactionary and fascist states...Under no circumstance will we tolerate any attacks upon legally functioning organizations."

It is clear that the offensive against the anarchists was Moscow inspired and that the methods, as Caballeros organ states,were reactionary and fascist.It is further clear that the doing away with the Caballero Cabinet was due to his stand against it. With the C.N.T., the Socialist Trade Unions and the left wing of the Socialist Party from the new Cabinet the situation assumes far reaching political significance.

Is Moscow striving for a "moderate regime" to facilitate a compromise with the Insurgents? Is Russias foreign policy paving the way for British and French intervention? Whatever its aims the question facing the Peoples Front is: who is ruling the Republic of Spain?

The occurrences in Catalonia have shown the danger of these political developments.The Generalidad has sought an understanding with the anarchists without which no solution is possible. Should the Central Government attempt the insane adventure of subjection it will face not only the workers but all Catalonia which has repeatedly risen against Castillian dictatorships.

Police action will not solve the problem. The inner contradictions of the spanish Peoples Front continue unabated.Franco of course will not be put down by the Governments crusades against the anarchists or by its forceful methods of conquest in Catalonia.

# # # # # # # # #

SEVEN WORKERS HAVE BEEN KILLED

by Chicago police on behalf of Republic Steel.More then seventy are in hospitals, some of them in very critical condition.Many are under police guard to go to jail as soon as the doctors permit it. The police murdered those workers because Republican Steel was selected as the testing ground as to how far the power of the C.I.O. goes. How far will it go? What is this organization doing to stop further massacres of workers? Why doesn't it call all its organized members out of all plants in all America? SEVEN WORKERS HAVE BEEN KILLED ! This should be reason enough to shake the whole world, It does not shake the leaders of the C.I.O. They are going to do

NOTHING!

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the following: "A government composed mainly of working class representatives cannot resort to methods that are reserved for reactionary and fascist states...Under no circumstance will we tolerate any attacks upon legally functioning organizations."

It is clear that the offensive against the anarchists was Moscow inspired and that the methods, as Caballeros organ states,were reactionary and fascist.It is further clear that the doing away with the Caballero Cabinet was due to his stand against it. With the C.N.T., the Socialist Trade Unions and the left wing of the Socialist Party from the new Cabinet the situation assumes far reaching political significance.

Is Moscow striving for a "moderate regime" to facilitate a compromise with the Insurgents? Is Russias foreign policy paving the way for British and French intervention? Whatever its aims the question facing the Peoples Front is: who is ruling the Republic of Spain?

The occurrences in Catalonia have shown the danger of these political developments.The Generalidad has sought an understanding with the anarchists without which no solution is possible. Should the Central Government attempt the insane adventure of subjection it will face not only the workers but all Catalonia which has repeatedly risen against Castillian dictatorships.

Police action will not solve the problem. The inner contradictions of the spanish Peoples Front continue unabated,Franco of course will not be put down by the Governments crusades against the anarchists or by its forceful methods of conquest in Catalonia.

# # # # # # # # #

SEVEN WORKERS HAVE BEEN KILLED

by Chicago police on behalf of Republic Steel.More then seventy are in hospitals, some of them in very critical condition.Many are under police guard to go to jail as soon as the doctors permit it. The police murdered those workers because Republican Steel was selected as the testing ground as to how far the power of the C.I.O. goes. How far will it go? What is this organization doing to stop further massacres of workers? Why doesn't it call all its organized members out of all plants in all America? SEVEN WORKERS HAVE BEEN KILLED ! This should be reason enough to shake the whole world, It does not shake the leaders of the C.I.O. They are going to do NOTHING!

INTERNATIONAL

COUNCIL

CORRESPONDENCE

For Theory and Discussion

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INTERNATIONAL

COUNCIL

CORRESPONDENCE

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By the Groups of Council Communists of America

The period of progressive capitalist development is historically closed. The decline period of capital, a permanent condition of crisis, compels to ever greater convulsions of economy, to new imperialistic and military conflicts, to ever increasing unemployment and to general and absolute impoverishment of the workers. Thus is given the objective situation for the communist revolution in the capitalist countries. For the working class, there is only the revolutionary way out, which leads to the communist society. No one can deprive the workers of this task, which must be carried out by the class itself.

The publishers of Council Correspondence see in the acting self-initiative of the workers and in the growth of their self-consciousness the essential advance of the labor movement. We therefore combat the leadership policy of the old labor movement, and call upon the workers to take their fate in their own hands, to set aside the capitalist mode of production and themselves to administer and direct production and distribution in accordance with social rules having universal validity. As a fighting slogan and statement of goal we propose:

All power to the workers' councils! The means of production in the hands of the Workers!

MUCH ADO ABOUT NOTHING

The Future of the C.I.O.

Trade union activity increases with every decisive business upturn. Improving economic situations enable the workers to make demands on the employers, since strikes are more feared when profits are rising. Workers are encouraged by the greater demand for their labor, they are less frightened by the prospect of unemployment. To a large degree, strike and union activity is determined bythe ups and downs of the market. Rising prices and increasing profits are the direct incentives. Within the unions the willingness to wage strikes and to organize workers becomes more pronounced. The unions fare badly under crisis conditions. They lose in members, influence and money. As soon as business takes a turn for the better, attempts are made to recoup the losses. Strikes become possible again as the income of the union increases with that of their members. Neglected and new industries try to get organized. The whole of labor activity becomes more intense.

During the depression years the american trade unions suffered tremendous losses in members, influence and income. It wasn't easy to organize strikes against the declining wage scales. It was difficult to make and keep agreements with the capitalists. But at a very low point in the decline of the American Federation of Labor, the policy of the newly elected Roosevelt administration brought a change for the better.

The weakness of the american trade union movement was regarded as one reason,among many others, for the extreme sharpness of the competitive struggle during the depression.In the great industrial enterprises high overhead costs and the large number of workers precluded a sufficient flexibility for adaptation to the new conditions. But such a flexibility was possible for the smaller enterprises, increasing their competitive power against Big Capital. To stop the fatal decline of prices,bound up with this ruthless competition, and to permit a number of bankruptcies ,so as to bring about a general cleansing and stop further decay, the "Codes of Fair Competition",the NRA and its section 7 A were adopted by the government. Just as trade unionism had been fostered by many entrepreneurs in the beginnings of american capitalism in order to decrease competition,so now once more the government used the weapon of "equality" in exploitation to eliminate a certain amount of competition.This "equality" is inequality for different capitalists in different conditions,with different resources and different sizes of capital. A working day of limited hours, a certain minimum wage to which all capitalists should adhere, signified an advantage for the bigger capitalists and ruined many of the smaller ones, unable to continue the sweating, which had been rendered possible by the depression. The struggle against competition was only a shifting of competitive power in favor of the big industrial enterprises. The smaller capitalists developed a hithertho unknown persecution complex, the NRA-madness, and many of them entered asylums for the insane.

This political move in order to gain certain economic results was only one of the causes - and a comparatively insignificant one - which brought about the turn for the better.Without taking up the other and more important factors which changed the economic scene, we shall merely recall that as soon as the big capitalists felt more optimistic they found those laws no longer favorable but troublesome, and saw in them a source of future trouble. Such laws might give workers the idea that the government was operating in their interest. Now that the emergency had passed Big Business was again of the opinion, that the problem of labor relations could be left entirely to themselves.Furthermore, there was dislike for the heavy costs involved in the new government control activities, since they might take on proportions which would impair the newly won profitability.

The government drive for a better organization of society was not only with a view to the immediate necessities but also to those of the future. The

socially atomized capitalists can only deal with immediate questions. The government , in finding that the world depression had hit America the hardest, and that it took this country longer than others to overcome it,was trying to insure society against some of the most dangerous aspects of future crises. A series of social changes and social laws supposed to be more in harmony with the requirements of present-day capitalism were considered and undertaken. Policies, many of which had been in vogue for more than 50 years in some European countries were to be transplanted to America. And this not as a matter of social welfare, as propaganda tries to make it appear, but as a matter of economy. Only a land which in comparison with others was relatively rich could do without important social legislation for the maintenance of social peace. The absence of social security necessitates social security laws.The organization of society becomes the more necessary the more chaotic it becomes.

The question of labor relations is only a part of the total program,brought about by force of circumstances, which was launched by the government in its attempt at a better regulation of social misery. In trying to safeguard capitalism as such, any government, under prevailing conditions, can not avoid interfering with the needs of some capitalists and fostering the interests of others. It will be loved and hated by the capitalists. It will appear to be in the process of merging with capitalism into one indistinguishable unity, and also to be at war with capitalism to the bitter end. And many people are fooled by appearances. Furthermore,capitalism is not yet identical with Big Capital. No government can yet exist which would confine its attention to the most immediate interests of the big monopolies. The other capitalist groups, medium and little, can not be entirely ignored. If this were possible, the present form of privat-property capitalism would burst asunder. The goverment can only favor the most influential groups, and cannot avoid coming frequently into conflict with them. The masters of society have often been forced to help or to hinder their servants in the government. Modern politics becomes still more mystified and colorful, and the statesmen very noisy, not because there is an abundance of capable men, but because the conditions of capitalism cause them to jump around like frogs in the moonlight. The governments are forced to increase their independence, nothwithstanding the fact that their dependence on Big Capital is ever growing. A goverment will naturally employ all political means to impose its will, if necessary also upon the big shots. Some capitalists are in a position to recognize this situation and its consequences, others are not.These differences make for life in a democracy.

The control of labor is one of the most powerful weapons in society. " In my fathers day ",Rockefeller Jr. once said, " the man with money controlled industry; in my son's day the man who controls labor will control industry". If the government participates directly in the control of labor, it has therewith a powerful weapon with which to enforce its universal capitalist will against the many atomized capitalist wills. If the government is no more than a mere police force, capital will order it around without restraint,bringing more and more in question the existence of society.Coordination is possible only by disregarding more or less individual capitalist interests in favor of the interests of capitalism. Greater coordination becomes more and more necessary.

As we are still living in a democracy the question of labor relations, and hence the question of labor organizations, has to be settled against oppositions. In the struggle for the one or the other attitude, socially to be adopted, luck changes for the different groups interested in the problem, with the change of situations. The labor question often looks like a cross-word puzzle. Illusions and desillusionment cause eyes to shine or remove from them the shine. Much ado is made about really nothing, and yet too many people are directly interested in nothing and heads are crushed, blood runs and an exitement created which makes society look like a zoo after an earthquake, though the whole show is not worth a nickel.

The traditional instruments with which to assure friendly labor relations are the unions, which also are instruments for the control of workers. Sometimes the unions can not help interfering with the interests,not of capitalism,but of one or the other capitalist group or entrepreneur. The Administration's depression policy and its attempts to gain more control over society, created a situation in which the government was favoring extensive unionization of the workers.The enterprising labor leaders had their day. To recoup the losses sustained during the depression seemed to be quite easy. For the labor union is subject to the same economic laws as every other business ; either it grows or it goes to the dogs. To grow with the help of the government was an ideal condition for the union and created the enthusiasm by which the otherwise dull life of trade unionism has been peepped up of late. But there is a difference between the unions and the governments desire for unionization. Expansion in order to gain in importance is an eternal desire of the labor unions, while for the government it is only a policy,which

might, under changing conditions, be replaced by the directly opposite one. Consistency has never been given to governments. But so far the unions have been lucky, the government has not as yet changed its labor policy in relation to organization. It shares a point of view set forth in the Twentieth Century Funds^ " Labor and the Goverment", and which also represents the spirit in which the Wagner Labor Relations Act was created.There it is said: " The solution of the problem

> of reducing to a minimum strikes and lockouts ... lies not in the direction of rendering the parties to an industrial dispute impotent to take direct action...Collective bargaining which culminates in trade agreements between employers and responsible,disciplined labor organizations seems to be the most feasible method (for) bringing about mutually satisfactory and peaceful industrial relations ".

Labor unions were fostered by the government to maintain,not to disturb industrial peace. As long as fascism is not the governmental system,labor unions are the best instruments to avoid and to minimize industrial strife. In England, without "Roosevelt-Communism",the same philosophy prevails. Speaking of the attempts recently made in England to unionize the sweated industries,the Economist of May 22, 1937, states:

> " On the whole, this pressure (for unionization of neglected and new industries) is to be welcomed, for its results in raising the standard of living usually outweigh the disturbance it creates. Collective bargainingis accepted in this country, and many of the most progressive industries welcome it as a factor making for order and stability".

In the United States many economists, and also a considerable part of the capitalists are not at all afraid of the present strikes and organizational campaigns. Otto S.Beyer, member of the National Mediation Board, in an address delivered in behalf of the Stevens Institute of Technology,recently expressed this attitude quite well in saying : " Despite all the dust and

> noise and heat in the form of stoppages, strikes and the like, one of the biggest constructive jobs in labor relations is under way in this country right now...When the national policy expressed in such recent laws as the National Labor Relations Act, the anti-injunction act, the Social Security Act and the Railway Labor Act are commonly accepted and understood, and both employers and labor join hands in capitalizing the good inherent in those acts, then American industry will be

> more efficiently run, will afford a happier working ground. Now that the National Labor Relations Act has been passed and declared constitutional, those in charge of Industry should make it clear that they would throw no obstacle in the way of an employe^s right to join a labor organization". (New York Times, 7/19/37)

Not all capitalists, and not at all times are capitalists opposed to unionism. If conditions enable unions to serve the interests of capital, the latter will support the former. There is no need on the part of capital to bother with the setting up of unions, just as they dont have to bother about how the workers are going to make their living. The workers have to do their own worrying and they also have to built their unions. And just as the worries of labor, so also its unions serve the needs of capital; but not at all times and not under all conditions. General statements on the relations between unions and capital are never in order; the position of capital on this questions varies, even if it is often for rather long periods quite stable. It is necessary to investigate this relationship over and over again under changing conditions. There is no permanent harmony and no permanent opposition between unions and capital.

There is also no unified opinion among the capitalists on the union question. Today capital in the United States is split on this question. But all capitalist interests are united in the desire to keep industrial peace, that is, to prevent workers from demanding what seems to be unbearable or too much for capital to stand. " Overhead and other fixed costs", said Professor Witte in a speech on the present labor situation before the Office Management Association of Chicago on May 18, 1937, " are such a large item in the total cost of production, that capital can not afford interruptions any more. Interruptions are far more costly than in a day when much less capital was recognized in industry ".

To prevent strikes, some capitalists suggest legislative action, prohibiting especially sitdown strikes and mass picketing. Much is also expected from legislation for the cumpulsory incorporation of unions. Great national employers^organization are propagandizing for such a program. But other capitalists are sceptical, as legislation has never really solved such problems or really done away with strikes. The state of Michigan drafted recently a new labor law, in which section 19 dealing with strikes and picketing declares as illegal and punishable :

> "patrolling or attendance by any persons, whether on behalf of a labor organization or otherwise, at or near a place of business or

employment affected by a labor dispute, or the residence of any person employed therein or other place where such person may be, in such manner or numbers as to (1) obstruct or otherwise interfere with approach thereto or egress therefrom,or (2) to interfere with the free and unimpeded use of a public highway ". Governor Murphy vetoed the bill, July 30, an hour before it would have become law automatically. He explained that the provisions of the bill were open to misinterpretations, and in a message to a joint session of the house and senate he pleaded for revision of the labor bill to liberalize its provisions restricting the right to picket. Murphy is not less capitalistically minded than the sponsors of the bill, but capital is not at present united on the question of how to deal with the workers.

Many capitalist enterprises try to counteract the unionization of their plants by the artificial setting up of so-called "independent", that is, company unions. But other capitalists see no remedy in such a move or find it impossible to proceed in this way. Attempts at real unionization will not be stopped by company unions; strikes also will not be prevented,but will take place in spite of the company unions.

At the present time refusal to sign written agreements with the verbally recognized union is another tactic with which to hinder unionization or make its maintenance difficult. As verbal agreements can be broken any day ,and as the master-of-the-house position of capital is here preserved, the value of the unions to the workers becomes rather vague, and the enthusiasm for unionization is restrained.

Some capitalists also think it wise to play the A.F.of L. and the C.I.O. off against each other,which is not difficult in view of the sharp competitive struggle in which these organizations are engaged. Others hope for the destructions of both; but if this hope is fulfilled, other organizations,more radical than the present ones, may arise, and strikes may take place also through a total absence of organization. The competitive struggle between the two organizations might also be bad for the company which promotes it, as it might bring about disturbances worse than would the recognition of the unions.

The more enlightened bourgeoisie prefers the present organizations and wishes rather to control than to oppose or destroy them. " By certain policies", Professor Witte says wisely, " capital can determine the type of labor organization which it will have, it

can guide the organization in one direction or the other". " Give the unions a trial", he asks the employers, and he assures them that the present hubbub, especially concerning the C.I.O. , is really quite uncalled for. " In the history of labor", he explained,

> " recognition has developed responsibility. Practically every labor leader that we now call conservative, started out as a radical. For instance, the railroad brotherhoods were regarded as extremely radical organizations. Today they are regarded as a most conservative group of labor organizations. But do not expect the union people to change all of a sudden ... Conservatism on the part of labor will come with recognition and responsibility. Already the principal executives in the C.I.O. movement have come to realize that the sitdown is completely destructive to union discipline, that the unions lose control of their own members if they have many sitdowns. These labor leaders are worried, just as much as management, about the sitdown strikes, and that is the main reason why sitdowns are getting less frequent". And in conlusion this enligthened professor repeated that the recognition of the unions is to be considered if an evil, at least as a lesser evil, for :" Let the labor organizations be destroyed, and you will have governmental regulation of labor conditions to a much greater extent than now. I have noticed that in the most completely non-union cities, labor is much more radical politically ".

But capitalists are not likely to listen to professors; rather the contrary. The speeches are really no more than Club affairs. And then business traditions are just as forceful as ideological traditions. The "rugged individualists" don't go modern of their own free will. Just as they buy the old Masters and let the surrealists starve, so they also prefer their Pinkertons to the social worker, or the union agent. And, what is more important, all those nice lectures dealing with labor relations, approach the problem from the "long run" point of view. But what ails capital as well as labor is of today and tomorrow. Today to many a capitalist unionization may be almost unbearable, even if he accepts it in theory. The unionization process can not be held up until such time as the capitalists are ripe for it. Whatever labor relations exist is not determined by theory but by struggle and practical politics. The organization of society as well as labor relations are violently established in the struggle of all against all. Agreements arrived at are only recognitions of temporary defeats by one or the other adversary, calling for nothing but new battles.

The actions of any class are also determined by struggles within the class. Each class is only basically opposed to other classes in a socio-historical sense. There is in reality an ever-changing overlapping of interests from one class into the other. Groups struggle within the classes, and struggles of individuals take place within the groups. Capitalist actions often turn out for the good of the workers, workers action might help capital. Not only is disunity among the workers consciously developed by capitalist politics, much more is this disunity based on the economic conditions of the workers. The position of the class permits of all shades and forms of labor organizations.

The decline of the A.F.of L. has brought about opposition within its membership as well as among a part of the leaders. Readiness for actionon the part of the unorganized, desire to overcome the apathy of the A.F.of L., ambitions of labor leaders, and the general condition of society, together with the governmental attitude, brought about a revival of the long advocated idea of industrial unions. The C.I.O. was organized for the unionization of mass production industries. Interests bound up with craft unions opposed the C.I.O. movement within the A.F. of L., and later led to a split. The competition between A.F.of L., and the C.I.O., in which craft lines were to a large extent disregarded even by the former, resulted in a tremendous increase of organized workers. The A.F. of L. claims to have 3,500,000 members today, the C.I.O. reports 2,500,000. No doubt both statements are exagerated, but the rapid growth of the two organizations can not be denied. It is true that many of the newly organized will drop out again, that they were often admitted without initiation fee and without paying dues. But once again unions have actually worked towards a greater mass basis.

So far as conservatism is concerned the A.F.of L. and the C.I.O. don't differ in the least. There are more radical elements in the rank and file of the C.I.O. than in the A.F.of L., but as far as leadership is concerned one organization is just as corrupt as the other. The bureaucratic control in the C.I.O. is more ruthless than in the A.F.of L. The C.I.O. is obviously also more willing than the A.F.of L. to employ political measures in gaining its end. As regards control over the organization by its leaders, the C.I.O. might well serve as an example for fascist principles od organization. No provision is made for self- expression on the part of the members. A handful of people controls the whole apparatus without reserve. But the workers are not as yet very much interested in this characteristic of the new organization. Unadmitted they are still quite

willing to let others think for them; they actually want a leadership with great power of control and with large influence in society, to make better deals for them. Not the one who is molested by the police, but the one who is a guest at the White House, appears to be more able to do something for the workers. After all, the whole union question is one of bargaining for a better price on the ma rket. The more capitalistic leaders are the best for that purpose. Leaders are not supposed to be enemies of the capitalists, but a good match for them. Lewis, in spite of his history, appears also to the thinking workers within the unions as the best man to get good results. The american workers in their large majority are not as yet opposed to capitalism; they might fight a struggle of life and death with individual capitalistic concerns, but it is to them a struggle against brutal, or stubborn elements of the employing class, while capitalism itself is not hated and not recognized as an enemy. The enthusiasm for unionization is an indication that the american working class is far removed from any real class consciousness.

The organization drive helped to increase the wave of strikes recently taken place. The extent of the strike wave ,however, is much exagerated. The number of strikes occuring at the present time was not only exceeded in every year during the period from 1919 to 1922, but also in 1933 and 1934. Although wage rates in many industries are either back to or nearing the 1929 level, with reduced hours, the workers earnings are below that level. Total labor income, according to the Survey of Current Business of the Bureau of Foreign and Domestic Commerce, was 19% lower in 1936 than in 1929. This situation has not yet changed. The productivity of the workers was raised to a large extent. The workers were ready to react to this situation, but rather with a view to a permanent betterment of their position than for direct and immediate results. Traditionally unions are looked upon as instruments for securing gains in wages and labor conditions. Here, however, strikes were often conducted with no other goal than the recognition of unions, for closed shops, without regard to wages. The strikes were largely strikes for organization; for instance, the automobile strike and the steel strike. In both strikes the workers gained practically nothing and in the steel strike the C.I.O. was the looser. The strike was waged against the so-called independent companies, involving up to 75,000 workers. The great steel corporations had recognized the unions. But the independents were selected to test the real strenght of the C.I.O. The outcome of the struggle will largely determine future agreements with the C.I.O. by the big corporations. also.

At the present time capital is trying to change certain governmental policies. It is not pleased with the taxation program. The National Debt darkens the prospects for profits in the near future. Reduction of the costs of government is one of the proposed means of making life easier for capital. To stop the "spending program" as soon as possible, more pressure must be applied to the Administration for a change of policy. The struggle against the C.I.O. was at the same time a fight against the goverment, by which the C.I.O. was nourished. Public opinion in turning against the C.I.O., as a result of skillful work on the part of the capitalistic propaganda apparatus, turned also against certain phases of governmental policy.

The brutal attacks on strikers in Chicago and elsewhere were intended to change the "public attitude" towards the C.I.O. and the Government. Labor questions became a nuisance. A desire was created to end the whole mess as soon as possible, to put Labor back where it belongs and have peace again. Skillful propaganda actually had the effect that "public sentiment" shifted the guilt from the murderers to the murdered. After the Chicago slaughter it became obvious that the great public was against the C.I.O., and the latter recognized this situation by backing out of the attempt at organizing the steelworkers by way of strike. The goverment, under pressure from many sides, could not come to the support of the C.I.O. as its leaders had hoped. The defeat in the steel strike brought a set-back to the C.I.O.Many people see in this failure already the beginning of the end of industrial unionism. Others think that now the C.I.O. will eventually find its way back into the A.F.of L. Still others hope for coming bigger and better battles which will bring triumph to John L.Lewis.

From the point of view of the interests of the workers as a class, the C.I.O. is of no great importance. And so its successes or its failures are no occasion for any great exitement. The C.I.O. is no class struggle organization.It fights for itself, not for the class. The workers are only functioning as instruments to safeguard the incomes of a set of bureaucrats. Even in the beginnings of the C.I.O. the few attempts on the part of the striking workers to have a say in their actions,were strongly opposed by the leaders,who made it clear that the members have to follow orders. The union is not an instrument of the workers, but the latter are the instrument of the union. The ruling body of the United Atomobile Workers , for example, voted in June 1937 to call upon local unions to discipline all members for unauthorized stoppage of work, by fine or suspension or both.

There can be no possible doubt that in the C.I.O. the workers are creating an instrument which will eventually prove detrimental to their own interests. The time has passed when trade unionism, even on an industrial scale, could be looked upon as progressive. Rotten as the present C.I.O. leaders no doubt are; but even if they were as the workers wish them to be their performance would necessarily be reactionary.

Not much over 10% of the american workers are unionized.It is not possible that this proportion should increase very considerably. In England also unionzation could never exceed 10% of the total number of workers. The value of labor power is determined at any given time by its cost of production and reproduction, though market fluctuation allow of modifications of this law. At times some workers are paid above their value and others below their value. But for society as a whole, the total price of labor is equal to its total value. Unions are job trusts, and like any other monopoly they are often able to keep the wages of their members above the value of labor power. But as any extra profit realized by monopolies is counterbalanced by the losses of other capitalists subject to the laws of the market,so all"extra"-wages above the value-wage are compensated by the underpaying of other workers. Unions can operate as a guarantee for better than general wages only in case they maintain their minority position. A reduction of capitalist surplus value, in order to maintain high wages for unionists is not possible, and if it were possible it would be selfdefeating,for only in a progressive capitalism can monopolies be built up. A capitalism unable to accumulate sufficiently is a capitalism on the decline, in which the unions also necessarily decline. But if high wages of some workers require low wages for others, no class front against capital can be established. If the basic interests of the workers differ, all their conceptions will differ too. The better paid worker ,regardless of his greater insight into social problems, will nevertheless be a rather reactionary worker. The problems of union power, closed shops, etc.,always benefitt only a minority, become problems of reaction. What appears to be in favor of the workers is in reality an obstacle. in the struggles of the class to better its class position,or to abolish itself as a class. Trade unionism,regardless of its philosophy, is bound up with the maintenance of capitalism. The success of the unions is a defeat for the class. Unions are objectively reactionary at a time which precludes further capitalist progress. Union activity is then reduced to bribery.

The future of the C.I.O. as well as that of the A.F. of L. has only two possibilities. If the organization remains a minority, it serves the interest of capital by opposing in its own interest the interests of the class and hindering the development of a class front. If it becomes a mass organization, then it loses the possibility of securing for its members better conditions. The former is possible only in case capitalism is willing to grant concessions to minorities to exploit the majority more; the second position can be realized only in a fascist system, where organization is cumpulsory. But then trade unionism has ceased to function according to its name, then it is nothing but a political instrument to control the actions of the workers in industry, as is the case in Germany and Russia.

We are unable to appreciate the present enthusiasm for the C.I.O. But we are nevertheless interested in strikes,we support them as much as possible. Within those strikes all must be done to develop self-initiative and self-action on the part of the workers. But since we know that the C.I.O. will not be able or willing to wage such strikes in such a way that the workers will learn to master their own destinies, we will oppose in all strikes both capital as well as capitalistic labor organization, of which the C.I.O. is one. More about this organization in futuro issues of the C.C.

As to our own activity in this field, we shall return to the matter in a later issue of the C.C.

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STRIKERS and LEADERS

The Economist of May 22, 1937, reports:
"After nearly two months the strike of 1,500 engineers employed at Messrs.Beardmore^s Parkhead Forge has come to an end, at least temporarily. The men who were working on armaments came out on strike on March 27th because of their employers^refusal to pay an extra penny per hour.... The National Executive of the Amalgamated Engineering Union disapproved of the men's action and sought to persuade them to return to work pending further discussions. The srikers,however, demanded direct negotiation;and were supported by the Glasgow District Committee and a large body of Clydeside engineers. The National Executive at length recognized the strike,after a decisive ballot of the Parkhead men in favor of the action they had taken; and the way was opened for ending the deadlock."

C O N T R O L of M A R K E T S
and
W O R L D C A P I T A L I S M

Capitalism of today is essentially world capitalism. Economic problems and interests of nations are so closely interrelated that difficulties arising within one nation affect simultaneously the rest of the capitalist world in one way or another. Time and again attempts have been made to settle these difficulties peacefully by way of cooperation but, as a rule, success is only of limited duration or accomplished at the expense of another nation.

The development of a country follows a certain pattern; it is not modeled after the will and plans of men but is determined by the forces of the prevailing system of production. The specific economic conditions in certain countries, the degree of industrial development, the advance of technic, the standard of living, the control of the political set-up, natural influences like weather conditions, good and poor crops; all these, and many more factors beyond the human will, play a role and make all good-will assurances of cooperation at the end ineffective.

The productive system sets specific demands upon capital. When profits were not large enough anymore to satisfy the needs of accumulation at home, industrialists resorted to the exportation of capital and commodities to undeveloped countries. This was, at the beginning, a very successful move since it enabled capitalists to exploit native laborers, much more than the workers in capitalistically developed countries, thus realizing higher profits. Furthermore, the acquisition of raw materials and foodstuffs reduced in their home countries production cost of commodities and reproduction cost of the workers, relative to their increased productivity. Expansion which, on the one hand, proved to be a necessity for progressive capitalism, was, on the other hand, also a very lucrative adventure. Since opportunities for expnsion were limited competition became international. Furthermore, formerly backward countries were being developed by foreign nations and the bourgeoisie of these countries started to build up its own national industry, thus increasing the list of competitors.

Competition within crisis conditions called for trade agreements, tariffs, quotas, restriction schemes, attempts at stabilization of currencies, economic investigation committees, and endless international conferences to bring economic appeasement to the world. Since there are comparatively few undeveloped countries on the world map left to be parceled out for capitalistic exploitation, and since a great many nations are prospective candidates, it becomes extremely difficult to increase the field of profitable capital investment. And it most certainly cannot be achieved in a peaceful way. Capitalists today, that is those belonging to the "have" nations, in the first respect center their efforts around defense of once acquired fields of investment. Those, however, that do not "have", struggle very hard to change their future status. Preparedness is the demand of the present, rearmament on a gigantic scale the result and independence, so far as raw materials and foodstuffs are concerned, the aim.

Financial, political and social difficulties gave rise to conscious control schemes. On account of the wide consequences government intervention was required in most cases. A great many attempts were made towards equalizing supply and demand to stabilize the price of a ceratin commodity at a profitable level, or restricting the actual output of commodities. Regulation of prices is usually a difficult and costly project and accompanied by a huge waste of material, as we shall see later. Restriction schemes, on the other hand, very often not only remain intact when recovery sets in, but they are utilized for monopolistic exploitation. International cooperation is a prerequisite for the smooth functioning of these schemes, and that this is not always easy to attain may be gathered from the examples given below. Other control schemes aim at independence or self-sufficiency. They, as a rule, necessitate high protective tariffs and quotas to develop the home industries raising, of course, the commodity prices greatly.

The last war changed the economic situation considerably, and conscious control appeared much more desirable. Production, due to certain conditions, diminished in one industry and was stimulated in another; some pre-war markets were closed to certain countries, or under the protection of competing nations. Others lost their colonial possessions and became dependent on foreign powers for their supplies of raw materials and foodstuffs. The great danger incorporated in this dependence, especially in case of war, led those nations to develop their home-industries as much as possible. To compete against the often better equipped and more efficient foreign competitors, the national industry had to be protected by high duties. For example, almost every country tried to be self-sufficient after the last war as regards sugar, no matter at what cost. The cost of production in Great Britain, considering the financing of tariffs, subsidies, etc., is about three times as high for home sugar, and two times as high for preferential sugar than the supply bought in the world market, and yet independence and development of the national industry is a greater necessity than low prices. The sugar industry, by the way, illustrates well a number of the points raised before, and for the better understanding a few details may be cited. *)

Cost and methods of production of sugar vary considerably. There are two sorts of sugar: beet sugar and cane sugar. Cuba and Java are the two leading producers of cane sugar. Java, before the war, more or less supplied the East (China, Japan, India) while, for instance, Great Britain and the U.S.A. used to purchase a large part of their needs from Cuba. The Cuban sugar industry achieves low cost production by relying mainly on nature. Since there is an abundance of fertile land, little effort is spent in cultivation and, due to other natural influences, production is relatively easy and profitable. Java, on the other hand, attains this low-cost

*) The following examples are taken from the book "Markets and Men", by J.W.F.Rowe. MacMillan Company, New York, 1936.

production by application of much capital and labor in an extremely scientific and intensive cultivation. During the war, vast areas of beet sugar were destroyed in Europe, causing a lack of sugar and stimulating simultaneously new planting in Cuba. Cuba was practically the only country capable at that time to expand production, which became even more profitable through new equipment and technological improvements, reducing the cost to about one half of the former price. But after the war the European Beet Sugar Industry recovered, and by 1925 the sugar industry witnessed a tremendous output. The price now fell below production cost and Cuba finally decided to restrict her output. Java did not follow suit, and as the European countries protected their home industries by hig tariffs and quotas, it was a case of Cuba against the world. The failure of the Cuban restriction scheme to raise the price finally resulted in the abandonment of the plan. However, shortly afterwards the chaotic situation was increased by record crops all over the world, and even Java found it then impossible to sell her crops. Previously Java had refused to agree to restriction because a new variety of cane had been introduced which gave a 30 % greater yield and enabled her to retain a profitable price, inspite of the general low level. Now, the unexpected overabundance of stocks and continous decline of the price forced Java to yield and join the international sugar agreement in 1931. But the scheme was not very effective since countries not belonging to the control scheme committee profited by restriction in raising their own production. The international agreement was not renewed in 1935 because " the members of the committee felt that nothing was to be gained by further collective action, and that the time had come for them to fight out amongst themselves which of them should supply what remained of the world market."

Nevertheless, hope to settle the difficulties has not vanished and conferences are being continued, as the one a few months ago in London with a large number of participants. News papers remarked in this respect "...this parley, which was expected to demonstrate international cooperation in one economic field, is apparently going from bad to worse due to the extraordinary demands of many countries, such as the Soviet Union, which today demanded an export quota of 400.000 tons annually, although she has never exported more than a fraction of that total". And then ..." 22 nations agreed on sugar quotas...setting an example of international cooperation...remarkable accomplishment..."And in another corner of the press..." the total output has been fixed at 3,600,000 tons a year, in contrast to a visible demand for 3,000,000 tons ... Officials believe, however, that the new plan has an exellent chance to succeed in view of the increasing restoration of economic stability throughout the world which broadens the consumer market." In other words, only another period of prosperity with an increased demand can save the sugar situation. There was no other choice left for international 'cooperation' than to place all hope into the future - a wish-recovery .

Control schemes were also tried on cotton and wheat, whose price, due to an overabundance, brought about by the decrease in capital accumulation, dropped far below profitability. To protect the

American farmer, millions of bushels of wheat were bought by the Federal Farm Relief Board. Later (in 1933) this policy was changed to direct control of acreage under wheat, which means that the farmers received a compensation for leaving the land unplanted. This compensation was financed through a tax on flour. The abundancee of wheat in the international market and the resulting low price, with steadily increasing capacity in production, led finally to the International Wheat Agreement (1933). However, on account of the drought, this did not prove very profitable for the U.S.A. and Canada in 1934, and these countries then even became importers. In the meantime other countries , like Russia and Argentine, increased their output and a general disorganization in control schemes of wheat took place. Speculation runs high in this field, and the exchange market reflects any change of the situation at once. Natural as well as economic forces may change the picture overnight, and a general feeling of insecurity persists.

Quite different is the situation in the tin and copper industries. These are highly organized and concentrated in a few hands, mostly simultaneously owners of high-cost and low-cost mines, in the U.S.A., Chile, Peru. For this reason it was so far possible to maintain a rather high price, not justified by the new and lower-cost mines. If the productive apparatus had not been monopolized, the high-cost mines would have been forced into bankruptcy long ago. Only for this reason could the price be kept artificially high. But, stimulated by the apparent profitability in this industry, new mines developed in the meantime in Bolivia and Nigeria, capable of producing , due to advanced technical equipment, much more cheaply. And thus monopolization does not seem to be able to safeguard an artificially high price for very long. Wherever there still is a chance of profitability, competitive forces will find their way, although now we have to deal with nations instead of individuals.

It took a long time to come to control schems in the rubber industry. A number of factors are responsible for this development, and it may be of interest to investigate a little closer the driving forces that caused the growth of competition. accelerated technical progress, brought about collapse to the whole industry, made government intervention very difficult and continue to cause much concern.

The world's most important rubber producing areas are: the Malay Peninsula, mostly under British dominance; the Netherland East Indies; Ceylon and Sumatra. The production of the rest of the world is negligible. The different methods in cultivation and tapping the rubber trees are of great importance; they, as a matter of fact, determine the profitability of the capitalistically operated estates. Now, the policy of most European estates on Malaya, is a steady permanent output and, by applying scientific methods, improved management and rationalization, to obtain a maximum yield. Selective breeding of trees more than doubled the average yield. The factories are at central points on the

estate where the rubber liquid is cleaned, solidified, rolled, smoked and packed, all of which reduced the cost of production considerably, in contrast to the primitive method of production. British estates get most of their laborers from India. This mode of production is well organized and it is essentially a capitalistic one; it is more or less the same for Malaya, Ceylon and the Dutch East Indies. The local competition consists of a large number of native producers on the Malay Peninsula, possessing small estates on which the owner and his family do the whole work. Conditions are very different in this case. The Malay native plants the trees close together, taps them often and carelessly, uses very simple methods and is, as a rule, within fairly easy reach of a market. The native producer has no large capital outlay and he has no ambition to get rich. He does not increase his output when prices are high, but only when prices are low, since he needs almost always the same amount of cash in order to buy manufactured goods for his livelihood.

The natives of the Dutch East Indies produce rubber in a still different way. The staple product and means of existence there is rice. Due to the abundance of land, a native clears about 2 acres of forest land each year for his rice production, and then he moves on with his hut. In the course of time he learned about rubber, the wealth producing commodity, and especially in 1925/26 when prices were high an enormous amount of planting took place. Rubber became a by-product of the native's agricultural operations., which means that he simply put rubber seeds into the grounds with the thumb when he planted the rice crop. Little care was spent on the cultivation of trees. The native of the Dutch Indies only taps the trees when prices are high, and at that time he will try to sell as much as possible.

All these different modes of production and varying conditions had, of course, different effects and influences on the econonomic situation and forced to different actions at a particular time. In 1900, practically none of these producers existed; the main supply of rubber came from the Amazon Valley and Central Africa. The total output at that time amounted to about 83,000 tons tons from Amazon and Africa and about 11,000 tons from the East. Then the rapid growth of the motor-car industry gave life to a new field of exploitation and led to the fast development of estates on Malaya, Ceylon, and Java, soon to be followed by planting of the natives. In 1919 no less than 350, 000 tons of rubber were exported from the East. In 1920 an enormous fall in the price of rubber occured and gigantic surplus stocks accrued. British investment capital was in danger, and the British Government thought it necessary to intervene. Cooperation was , however, refused by the Dutch Government. Being almost exclusively dependent on taxes and other levies of her colonies, Holland on account of the different situation in the Dutch East Indies saw no reason to apply restriction, and thus England started the control scheme alone. All went comparatively well up to the year of 1925, when the demand for rubber was very large, especially from the U.S.A. Exports increased considerably and mainly, of course, from the Dutch Indies. Enormous profits were made, pro-

duction stimulated and --prices fell again. More restriction was imposed by the British Government, while other countries still increased their output. Finally England realized the ineffectiveness of her efforts and abandoned restriction. Up to 1929 conditions in the rubber industry were still bearable, but with the general collapse of the economic life in 1930 competition between the European owned estates (who, in the meantime, had developed new methods for cheaper cost production) and the natives became so sharp that conditions were absolutely chaotic. In 1932 the price Had fallen to 1½ d per lb. (Against a production cost of 6d.) Now, also the Dutch Government thought it advisable to come to terms with the competitors. Negotiations were resumed with England which led to some sort of production-quota-agreement. For some time conditions improved and profitability was again assured, at least for a number of producers. However, due to the varying conditions and different interests of the Dutch and English rubber producers and the natives, control is so difficult and costly that the situation is not at all stable , the more so since profitability is in general dependent on a world recovery and prosperity period and is, furthermore, greatly influenced by the advance of technic. In this respect the efforts of the German government, to promote the production of artificial rubber (called buna) may well be mentioned. The cost of production of buna is still about 3 times as high as natural rubber, but with science and technic fully employed in this process, it does not seem out of place to figure with a revolution in the rubber industry in due time.

A few words may be added about the coffee industry where a number of schemes have been tried. The whole economic life of Brazil is practically dependent on the export of coffee. Brazil's coffee industry, due to favorable conditions, had developed greatly during the last few decades, and since the world's consumption did not rise correspondingly, a collapse was bound to come. Many unsuccessful attempts at maintaining a profitable price were made, and finally, starting in 1931, a policy of destruction was pursued. A crop restriction (picking fewer trees) would not have been favorable since the vast territories involved would have required an enormous number of officials and administrative offices to watch over the situation. Already as early as 1923 a control scheme had been introduced. The 1929 depression and natural influences, such as several so-called bumper crops, caused a terrific abundance of coffee, which meant ruin for many planters and threatened the entire economic life of Brazil. In addition, on account of the previous comparatively profitable conditions of the coffee industry many were induced to invest surplus capital in new planting which around this time carried fruit and increased the bumper-crop still further. The government then took complete charge of the surplus coffee to prevent a further decline in the price. The destruction period set in. Up to 1935 about 35 million bags of coffee were burned, financed by an export tax on coffee. It sounds fantastic and almost incredible that capitalism, in order to preserve itself, had to take recourse to such a costly waste and destruction of labor power and commodity. But, since commodities under the capitalist system are produced in the first place for the market and only secondarily for use, the horror of abundan-

ce forced it to do away with this unprofitable situation. To illustrate the extent of destruction better, the following lines may be quoted from "Markets and Men":"... over one million people worked for two whole years, sweated from morning to night ... looked after 2000 million coffee trees...by a long series of operations, carried by mules or by lorries over rough roads to the railway...At the end of that journey it was thrown into enormous heaps, and with the aid of petrol these heaps were set alight until the last coffee bean had been completely destroyed...Two whole year's work gone up in smoke".

Brazil, however, unlike countries that are dependent on one product only, has one hope to escape the dilemma, namely, to grow other products. One of them is cotton, and it has already been found that Brazil can produce this commodity at half the cost of the U.S.A. What this means to the farmers of the U.S.A. is only a question of the near future. On June 17, 1937, we read in the New York Times :" Brazil held threat in cotton markets. United States cotton is losing its place in world markets. Foreign producers, including Brazil, increased production from 13,000,000 bales in 1934 to almost 18,000,000 bales last year. "

III.

At this stage of capitalist development, all economic conferences are doomed to fail. Even newspapers are sceptical. Said the New York Times on the occasion of the recent international confefence at Geneva "...it is hard to see how any ambitions conference on economic problems could be better than a fiasco even if it were summoned a year from now. The conference method is felt to be too productive of friction to be used and there is no sign as yet of that give and take in economic policies which is essential to the success of any conference...It is proving increasingly difficult for some nations to open the blocked channels of international trade, no matter how earnestly their leaders would like to do so".

And Germany, not attending the international conference, was bold enough to state that "she was disinclined to participate in useless discussions and economic conferences that pose problems falsely and represent perhaps merely a detour for the attainment of quite definite political objects." Norman Davis, American spokesman at the recent sugar parley in London, also expressed quite frankly his feelings about "the apparent general unwillingness of the European powers to discuss new disarmament plans and economic problems at this time-despite occasional public statements to the contrary".
Despite this, the League of Nations carries on and still gets the attention of the public with 'serious' disarmament, economic and whatnot conferences. Its hypocritical character has been exposed time and again. Economic conferences are inevitably linked up with disarmament and peace talks, and since the League failed so notably in action and effect as far as the latter is concerned, it is now deemed highly in place by the proper powers, to preserve the last glimmer of life in this decaying corpse. The Imperial Conference in London, which came to a close or, rather, once again

adjourned a couple of weeks ago, suggested that the League "be divorced from peace treaties".

IV.

Access to and control of raw materials and foodstuffs are extremely urgent demands. The last war showed that military power is not measured by territory and population but by a nation's equipment and capacity which implies the possession of, or securing access to the basic industrial raw materials.

Some countries are very rich in raw materials or resources: for instance England, the U.S.A. ,Russia and Holland, while others like Italy, Germany, Japan, are extremely poor. The latter are dependent on the former which not only means that the "have"-nations are in a position to make extra-profits, but that they also exert great material influence over the "have-nots" in case of war.
Germany's dependence on foreign markets and supplies , especially after the great war and already during the war, is well known. Failing in her many attempts to get back her colonies and raw materials, she now works at a forced pace to produce synthetic supplies. The new 4-year plan is designed to reduce her dependance considerably.Maximum self-sufficiency is the goal. The plan aims at making Germany independent of foreign oil, rubber, textiles, metals, foodstuffs, etc. The scheme calls for considerable capital to develop the respective home industries, but industry and consumers have to contribute their share to the self-sufficiency plans of the government. Tariffs are levied, as for instance the 100% tax on rubber imports to finance the production of artificial rubber. A vigorous price control is exerted upon industry and agriculture. Profits are restricted, and exports are being pushed. Trading without money, e.g. payment in machines or armaments,is preferred. Under the 4-year plan encouragement is given t o practically every form of raw material production.Home iron production rose from 1.340,000 tons in 1932 to 5,000,000 tons last year. Domestic zinc production increased 100 per cent and is expected to make Germany independent shortly.Borings of mineral oil is encouraged, and the output was doubled between 1933 and 1935 . An army of chemists and research workers is busy experimenting with the production of synthetic rubber, petrol, oil by hydrogenation from coal, artificial silk and staple fiber, textiles and foodstuffs from timber, like raw wood sugar, alcohol, glycerin, fat proteins, carbohydrates, and so forth. Subsidies are given to breeders of silk worms, flax growers and sheep raisers. While everything is being done to solve the raw material shortage, economy is being urged. Regeneration schemes for used materials have been designed, as for instance the collection of used oil, old metals, and textiles and fiber waste materials of which alone 800 classifications are in existence for the door-to-door canvassing of the Hitler Youth.

Italy, the poorest among the world's great nations, as far as raw materials and colonies are concerned, has become a new competitor in the production of coffee. Her expansion attempts begin to bear fruit. At the beginning of the year the first coffee from Ethiopia was put on sale in Italy. So far very little has

been coming from Ethiopia, and not until Italian settlers introduce up-to-date methods of tilling the soil and exploiting the vast mineral wealth that Ethiopia is reputed to possess, will Italy get much out of Ethiopia. The development is dependent on the speed with which the capital necessary for adequate development can be raised."Nobody here doubts, however, that in Ethiopia Italy has aquired what in the long run will prove a most valuable piece of property", says a report from Italy.

Japan is another one of those nations whose economic development has been long hampered by other imperialist powers.It goes without saying that Japan is an enemy of the status quo; she may be compared to a nation that came of age after the empty and desirable spaces of the world had been parceled out. As far as territory goes,Japan differs considerably from Germany. In the short space of 40 years the territory controlled by Japan has expanded, after the wars with China, Russia, Manchuria, more than fivefold.But as far as industrial resources are concerned, her northern acquisitions have not made good the deficiency of the basic materials needed for the maintenance of modern armies, fleets and flying forces. 60% of Japan's total imports are invested in primary industrial necessities: cotton, metals, wool, oil. While there is no difficulty in obtaining these in the open market, the dependence on other nations is a very unsound situation for a young and growing capitalist country like Japan. Japan's rapid rise in population has been one of the chief factors behind her aggressive policy. Japan's interest in North China is inspired by the knowledge that the region contains the best iron ore and one of the worlds richest coal fields. The lack of oil, an indispensable product for armament, is most acute. Japan today uses 4 times the quantity of oil products consumed a decade ago. The Proportion of domestic production in comparison to consumption has fallen from 24% in 1923 to 8% in 1934.A law compels all oil companies to hold a six months' reserve supply. Under pressure from army and navy large schemes are promoted for the extraction of oil from coal. To take care of the growing national difficulties , a five-year plan has been advocated recently for "expansion of production", giving the government large powers over trade, finance and labor. It includes an attempt at "self-sufficiency in the production of important commodities and at the development of substitutes for needed materials which are not produced at home". The State, it is reported, contemplates compulsory labor service, rationalization and control of essential industries, control of banking and investment, increased control over foreign exchange, and promotion of exports and restriction of imports. And, according to the Minister of Commerce and Industry " in view of the situation at home and abroad, the first necessity is the replenishment of armaments."

Monopolization attempts, or nationalization of industries, in order to overcome unprofitability, or to strengthen the national structure of a country, take place continously all over the world. To mention only the nationalization attempts in Mexico. Wealthy in natural resources, she is one of the greatest mining countries in the world (silver, petroleum, coal, mercury) .Her agricultural products are wheat, sugar, cotton, tobacco. She produces 1/3 of the world's silver, 1/20 of gold, and is 6th in rank in producing

copper. Industrialization is comparatively undeveloped, and the few flourishing enterprises and basic markets are mostly in the hands of foreign concerns. But, forced by inner economic forces, Mexico is now determined to push the official 6-year plan for the "Mexicanization" of her local industries. An expropriation law was introduced a short time ago. The Mexican Supreme Court annulled the foreign leases for petroleum and the government assumed control. This act was soon followed by the expropriation of the National Railways, in which English capital has invested 37%, United States 30%, and France, Germany and Belgium correspondingly smaller amounts. A new tax of 35% has been placed on American business enterprises to reduce their trade. Under a Mexican Agrarian Code seizures of land from American companies took place; the land is to be divided among Mexican peasants. Inspite of strong protests from the American side, the "law" is on Mexico's side. But the friction between the two countries increases.

The Greek government extended recently the State monopolies to include gasoline, kerosene and other fuels. In Turkey , a state controlled oil-monopoly was introduced. There also the protests of American and British legations against bankruptcies of their distributors were of no avail. Many more examples along this line could be quoted ; all have a common source and a definite aim. Now and then, open warfare is resorted to to force a quicker settlement of conflicting capitalist interest, although the battles are usually fought under cover. The war between Bolivia and Paraguay was essentially a struggle of the American against the English-Dutch oil interests. In the Chinese struggle many nations besides Japan, are interested and the disputes are by no means settled. In Spain we have in the last analysis , to deal with English investment capital against Italian and German interests.

England, Europe's greatest ruling power, does the logical thing while she still has her possessions. She talks about cooperation , advocates neutrality and proposes all sorts of meetings and conferences, only to win time to be better prepared for the future slaughter. A few weeks ago she quietly managed to put herself into a dominant strategic position in the Central European steel industry to the benefit of her rearmament program. Through the purchase of a large share in the greatest Czechoslovakian iron and steel works, she acquired a key position in the Danubian basin strengthening thereby her position in regard to Italy, France and other powers whose ammunition manufacturers have considerable contracts for raw materials with this steel concern. This step, indirectly, may be ragarded an echo to France's attitude on "Socialization of War Plants". Already in March of this year the French Government took over the armament plant of Schneider-Creusot. An expropriation law was passed by the French Parliament, enabling the government to control munition supplies more directly. Any action reflecting the economic situation finds repercussions somewhere else.

Summary

The present economic development tends towards greater monopolization, trustification and even state control . While these retard

the development of the productive forces, they at the same time increase competition on an international scale. Attempts at international cooperation are made, and artificial or conscious control of markets andproduction seems as a way out. This, in turn, gives rise to trade agreements, tariffs, quotas, restriction schemes, etc., involving an enormous cost, waste and destruction of materials.

The accumulation process requires continuously growing profits, but the opportunities for world capitalism to expand and aquire new fields of profitability are very limited. According to statistics, world trade increased between 1860 and 1900 by 6.3% per year, between 1910 and 1913 it fell t o 4.5% and between 1920 and 1929 it amounted to only 0.57%.

Since the incapability of nations to cooperate on a world-wide scale is evident, and the attempts at conscious control of markets and production only temporarily successful, all indications point towards a forceful solution of the complex situation. Weaker capitalists, or nations, have to be eliminated to enable the stronger ones to prolong their existence. To cope with the situation, every nation prepares for the future slaughter and strives, first of all, for independence as far as raw materials and foodstuffs are concerned, andthe armament industry seems to be the most profitable field of investment. Under the circumstances, attempts at nationalization and state control become a necessity.

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" THE BARRICADES MUST BE TORN DOWN "

Moscow-Fascism in Spain

On May 7,1937, the CNT-FAI of Barcelona broadcast the following order: " The barricades must be torn down! The hours of crisis have passed.Calm must be established. But rumors are circulating throughout the city, contradicting the reports of a return to normality such as we are now issuing. The barricades are a contributing factor to this confusion. We don't need the barricades now that fighting has stopped. The barricades serve no purpose now, and their continued existence might give the impression that we wish to return to the previous state of affairs--and that is not true. Comrades, let us cooperate for the re-establishment of a completely normal civil life. Everything that hinders such a return must disappear."

And then began the normal life, that is, the terror of the Moscow-Fascists. Murder and imprisonment of revolutionary workers. The disarming of the revolutionary forces, the silencing of their papers, their radio stations, the elimination of all positions they had previously attained. Counter-revolution triumphed in Catalonia, where, as we were so often assured by the anarchist leaders and those of the POUM they were already on the March towards Socialism. The counter-revolutionary forces of the "People's Front" were welcomed by the anarchist leaders. The victims were supposed t o hail their butchers. "When an attempt was made to find a solution and reestablish order in Barcelona", we read in a CNT bulletin, " the CNT and FAI were the first to offer their collaboration ; they were the first to put forward the demand to stop the shooting and try to pcify Barcelona. When the Central Goverment took over public order, the CNT was among the first to put at the disposal of the representative of Public Order , all the forces under its control. When the Central Government decided to send armed forces to Barcelona in order to control the political forces which would not obey the public authorities, the CNT was once more the one to order all the districts to facilitate the passage of these forces, that they might reach Barcelona and establish order".

Yes, the CNT has done the utmost to help to cary the Valencia Counter-revolution into Barcelona. The imprisoned workers may thank their anarchist leaders for their confinement, which ends before the firing squads of the Moscow-Fascists.The dead workers are removed together with their barrcades; they were silenced so that their leaders might continue to talk. What excitement on the part of the neo-bolsheviks ! "Moscow has murdered revolutionary workers," they shout. " For the first time in its history, the Third International is shooting from the other side of the barricades. Before this time it had only betrayed the cause, but now it is openly fighting against communism." And what did these angry shouters expect from state capitalist Russia and its Foreign Legion? Help for the spanish workers? Capitalism in all

forms has only one answer for workers opposed to exploitation: murder. A united front with the socialists or with the party-"communists" is a united front with capitalism, which can only be a united front for capitalism. There is no use in scolding Moscow, there is no sense in criticising the socialists; both must be fought to the end. But now, the revolutionary workers must recognize that also the anarchist leaders, that also the "apparatschiks" of the CNT and FAI oppose the interests of the workers, belong to the enemy camp. United with capitalism they had to serve capitalism; and where phrases were powerless, betrayal became the order of the day. Tomorrow they may be shooting against rebelling workers just as the "communist" butchers of the "Karl Marx Barracks" shoot today. The counter-revolution extents all the way from Franco to Santillan.

Once more , as so often before, the disappointed revolutionary workers denounce their cowardly leadership, and then - they look around for new and better leaders, for improved organization. The "Friends of Durrutti" split away from the corrupted leaders of the CNT and FAI in order to restore original anarchism, to safeguard the ideal, to maintain the revolutionary tradition. They have learned a few things, but they have not learned enough. The workers of the POUM are deeply disappointed in Gorkin, Nin and Company. Those Leninists were not leninistic enough, and the party members look around for better Lenins. They have learned, but so little. The tradition of the past hangs like a stone around their neck. A change of men and a revival of the organization is not enough. A communist revolution is not made by leaders and organizations; it is made by the workers, by the class. Once more the workers are hoping for changes in the "People's Front", which might after all bring about a revolutionary turn. Caballero, discarded by Moscow, might come back on the shoulders of the UGT-members, who have learned and seen the light. Moscow, disappointed in not finding the proper help from the democratic nations, might become radical again. All this is Nonsense! The forces of the "People's Front", Caballero and Moscow, are unable, even if they wanted, to defeat capitalism in Spain. Capitalistic forces can not have socialistic policies. The People's Front is not a lesser evil for the workers, it is only another form of capitalist dictatorship in addition to Fascism. The struggle must be against capitalism.

The present attitude of the CNT is not new. A few months ago the Catalan president Companys said that the CNT " has no thought of impairing the democratic regime in Spain, but stands for legality and order". Like all other anti-fascist organizations in Spain, the CNT, notwithstanding its radical phraseology, has restricted its struggle to the war against Franco. The program of collectivization, partly realized as a war necessity, did not impair capitalist principles or capitalism as such. Insofar as the CNT has spoken of a final goal, it suggested some modified form of state capitalism, in which the trade union bureaucracy and its philosophical anarchist friends would have the power. But even this goal was only for the distant future. Not one real step in this direction was undertaken, for one real step towards even a state

capitalist system would have meant the end of the "People's Front", would have meant barricades in Catalonia and a civil war within the civil war. The contradiction between its "theory" and its "practice" was explained by the anarchists in the manner of all fakers, that "theory is one thing and practice another, that the second is never so harmonious as the first". The CNT realized that it had no real plan for the reconstruction of society; it realized further, that it did not have the masses of Spain behind itself, but only a part of the workers in one part of the country; it realized its weakness, national as well as international, and its radical phrases were only designed to conceal the utter weakness of the movement in the conditions created by the civil war. There are many possible excuses for the position the anarchists have taken, but there is none for their program of falsification which beclouded the whole labor movement and worked to the advantage of the Moscow-Fascists. Trying to make believe that socialism was on the march in Catalonia and that this was possible without a break with the People's Front Government meant the strenghtening of the People's Front forces till they were able to dictate also to the spanish anarchist workers. Anarchism in Spain accepted one form of fascism, disguised as a democratic movement to help to crush Franco-Fascism. It is not true , as the anarchists today try to make their followers believe that there was no other alternative, and hence that all criticism directed against the CNT is unjustified. The anarchists could have tried, after July 19, 1936, to establish worker's power in Cataloniam they could also have tried to crush the Government forces in Barcelona in May 1937. They could have marched against both the Franco-Fascists and the Moscow-Fascists. Most probably they would have been defeated; possibly Franco would have won and smashed the anarchists as well as his competitors of the "People's Front". Open capitalist intervention might have set in at once. But there was also another possibility, though much less likely. The french workers might have gone farther than to a mere stay-in strike; open intervention might have led to a war in which all the powers would have been involved. The struggle would at once have turned on clear issues, between Capitalism and Communism. Whatever might have happened, one thing is sure: the chaotic condition of world capitalism would have been made still more chaotic. Without catastrophies no change of society is possible. Any real attack on the capitalist system might have hastened reaction, but reaction will set in anyhow, even if somewhat delayed. This delay will cost more workers' lives than would any premature attempt to crush the system of exploitation. But a real attack on capitalism might have created a condition more favorable to international action on the part of the working class, or it might have brought about a situation which would have sharpened all capitalist contradictions and so hastened historical development toward the breakdown of capitalism. In the beginning is the deed. But the CNT, we are told, felt so much responsibility for the lives of the workers. I t wanted to avoid unnessary bloodshed. What cynicism! More than a million people have already died in the civil war. If one has to die anyway, he might as well die for a worthy cause.

The struggle against the whole of capitalism, that struggle which the CNT wanted to avoid - can not be avoided. The workers' revolution must be radical from the very outset, or it will be lost. There was required the complete expropriation of the possessing classes, the elimination of all power other than that of the armed workers, and the struggle against all elements oppsing such a course. Not doing this, the May days of Barcelona and the elimination of the revolutionary elements in Spain were inevitable. The CNT never approached the question of revolution from the viewpoint of the working class, but has always been concerned first of all with the organization. It was acting for the workers and with the aid of the workers, but was not interested in the self-initiative and action of the workers independent of organizational interests. What counted here was not the revolution but the CNT. And from the point of view of the interests of the CNT the anarchists had to distinguish between Fascism and Capitalism, between War and Peace. From this point of view, it was forced to participate in capitalis-nationalist policies and it had to tell the workers to cooperate with one enemy in order to crusch another, in order later to be crushed by the first. The radical phrases of the anarchists were not to be followed; they only served as an instrument in the control of the workers by the apparatus of the CNT, "without the CNT", they wrote proudly. " anti-fascist Spain cannot be governed." They wanted to participate in governing the workers and ordering them around. They only asked for their proper share of the spoils, for they recognized that they could not very well have the whole for themselves. Like the bolsheviks, they identified their own organizational needs with the needs and interests of the working class. What they decided was good, there was no need for the workers to think and decide for themselves, as this would only hinder the struggle and create confusion; the workers simply had to follow their saviors. Not a single attempt to organize and consolidate real working class power. The CNT spoke anarchsitically and acted bolshevistically, that is, capitalistically. In order to rule, or participate in the rule, it had to oppose all self-initiative on the part of the workers and so it had to stand for legality and order and government.

But there were more organizations in the field, and there is no identity of interests among those organizations. Each one is struggling against all others for supremacy, for the sole rule over the workers. The sharing of power by a number of organizations does not do away with the struggle between them. At times all organizations are forced to cooperate, but this is only a postponement of the final reckoning. One group must control. At the same time that the anarchists were proceeding from "one success to the other", their position was continously being undermined and weakened. The CNT's assertion that it would not dictate to other organizations, or work against them, was in reality only a plea not to be attacked by others - a recognition of its own weakness. Being engaged in capitalist policy with its allies of the People's Front, it left the broad masses with the possibility of choosing their favorite from among the bourgeois elements. The one who offered the most had the best chance. Moscow fascism

came into vogue even in Catalonia. For the masses saw in the support of Moscow the strength neccessary for doing away with Franco and the War. Moscow and its People's Front goverment meant international capitalistic support. Moscow gained in influence, for the broad masses of Spain were still in favor of the continuation of the exploitation society. And they were strenthened in this attitude by the fact that the anarchists did nothing to clarify the situation, that is, to show that help from Moscow meant nothing more than the fight for a capitalism which pleases a few imperialist powers, even though it may disappoint others. The anarchists became propagandiests for the Moscow brand of fascism, the servants of those capitalist interests which oppose the present Franco plans in Spain. The revolution became a playground of imperialist rivals. The masses had to die without knowing for whom or for what. The whole affair ceased to be the affair of the workers. And now it has also ceased to be the affair of the CNT. The war may be onded at any time by a compromise agreement between the imperialist powers. It may be ended with a defeat or with a success of Franco. Franco may drop Italy and Germany and turn to England and France. Or the former countries may cease to pay further attention to Franco. The situation in Spain might be decisively altered by the war brewing in the Far East. There is still a number of possibilities in addition to the most likely one, that is, victory for Franco-Fascism. But whatever happens, unless the workers throw up new barricades against the Loyalists also, unless the workers really attack capitalism , then whatever may be the outcome of the struggle in Spain it will have no real meaning to the working class, which will still be exploited and suppressed. A change in the military situation in Spain might force Moscow-Fascism once more to don the revolutionary garb. But from the viewpoint of the interests of the spanish workers, as well as of the workers of the world, there is no difference between Franco-Fascism and Moscow Fascism, however much difference there may be between Franco and Moscow. The barricades, if again erected, should not be torn down. The revolutionary watchword for Spain is: Down with the Fascists and also down with the Loyalists. However futile, in view of the present world situation, might be the attempt to fight for communism, still this is the only course for workers to adopt. " Better the sense of futility than the mobid energy that expends itself on false roads. We will preserve our sense of truth, of reason at all cost, even at the cost of futility."

A Leader of the Workers in Spain: Comunicat De Premsa, Barcelona, May 26, published by the Generalitat De Catalunya, reports:
Norman Thomas has just spent two very busy days in Barcelona, accompanied by Mrs. Thomas, who goes with him on all his travels. .The first day of their visit..Mr. amd Mrs. Thomas..visited the refugees now accomodated in the Stadium...Mr. Thomas commented with admiration...he spoke on the radio ,..words of encouragement, and afterwards viewed by moonlight the beautiful Generality Palace...Mr. Thomas was received by President Companys..and was presented with a bouquet tied with a ribbon in the colours of Catalonia's ancient flag, etc."

R A C K E T E E R I N G

A Phase of Class Conflict

With the inception of the capitalist mode of production in America, the underworld became the instrument of class warfare, used first by the industrial capitalists against workers, now employed intermittently by both classes, one against the other.

In dealing with the subject of criminality and the part it plays in class warfare in the United States, we have to disregard terms such as "labor racketeering" and "trade racketeering" for they are confusing and would therefore add nothing to the understanding of the subject. If by labor racketeering is meant the employment of thugs by labor leaders against capitalists, union members and non-union workers, then the use of the underworld by capitalists against workers may be considered "capitalist racketeering", and when the underworld eventually becomes the instrument of small business men in their attempts to regulate commerce in their own behalf, such doings are termed "trade racketeering", altho in the latter case are involved business-men, labor leaders, politicians, lawyers, as well as gangsters. If we deal with racketeering according to the terms given it by jurisprudence, we are likely to find ourselves adrift. There is only one angle from which to view racketeering, and that is, to forget terms and treat the subject historically as a social phenomenon peculiar to and arising from the relations of capitalist production in this country.

Generally speaking, crimes are acts forbidden by law. This means that punishment is meted out to the performer not for any moral transgression, but for violation of the law. Certain acts are made unlawful because the political representatives in state legislatures must consider the demands of those sections of society that put them in office. Violation of the Eighteenth Amendment, for example, was a crime punishable by law, and this aside from the fact that the Eighteenth Amendment was intended in part to abolish unemployment and poverty and was annulled for the same reasons. Legislatures are continually forced to abolish criminal statutes, for the changes in the way people make their living in class societies determine the abolition of old crimes as well as giving rise to new ones.

It so happened that in the middle of the last century no country in the world was undergoing such rapid changes in its economic structure as that of America.

Charles and Mary Beard, in "Rise of American Civilization", clearly depict these abortive transformations. In the conrse of a few decades, the hamlets and crossroads of the Middle West spread into cities and became great industrial centers. No country in Europe had within its boundaries three powerful classes, such as capitalists, independent farmers and a landed aristocracy. No country in Europe possessed vast tracts of fertile land, available for distribution to the population "by political methods and viewed as a means of commanding party majorities requisite for other ends." The vastness of the country, the inability of the capitalist class at first to wrest control of the Federal government from the planter class of the South, the fierce swiftness with which capitalism made inroads into small commodity production, bankrupting whole communities, these major factors characterize the lawlessness and brutality that is American capitalism and which is fully reflected in its own end-product, the underworld. No dens of vice peculiar to urban populations in class society reflect so thoroly as the American underworld the real nature of capitalism in this country. The cold and relentless impersonality of American capitalism finds its counterpart in the hired mercenaries, the present-day gangsters.

The Use of Criminals By Capitalists Against the Workers

The industrial capitalists were the first to make use of criminals to perform acts of violence against workers for the purpose of weakening Labor's resistance to demands made by capitalists in their eternal and god-given right to exploit labor-power.

As soon as the Civil War cleared the way for industrial capitalism in America, profit-hungry capitalists were quick to make the most of everything: twenty-five years after the death of Lincoln, industrial cities along the eastern seaboard and in the Middle West were black with the misery of the working class brought on by the cyclical depressions of capitalist industry. With penetrating exactitude, Gustavus Myers describes in "HISTORY OF THE GREAT AMERICAN FORTUNES" how powerful capitalists of the last century amassed their wealth by laying the country to waste and by acts of violence upon the workers in bending them to exploitation. (History tells a different story about those so-called men of initiative, whose portraits now hang above intoning inscriptions of generosity in public museums and libraries.) The industrialists proceeded with or without the aid of the law, invoking the law to enforce their demands upon laborers, and, in certain localities, where the law was not strong enough to act in their interests, indus-

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trialists purchased the means for suppressing workers and employed the underworld against them. It was usually when police were unwilling or too weak in numbers to cope with labor disputes that industrialists hired thugs and criminals to beat up, slug, kill, spy upon, plot against and intimidate workers. Crime and the reign of the captains of crime were from the start identical with American legitimate business! If legality proved to be an obstacle, then legality was eventually changed, as was the case in the more backward regions, where small commodity producers engaged the support of the community as well as the courts to stave off monopoly capitalism.

The strikes at Pullman and Homestead marked the use of professional strike-breakers and spies. The last decade of the nineteen hundreds, usually referred to for its gaiety, was, in actuality, an era of violence in which warfare on the capitalist side assumed the character of extra-legal methods. The practice of hiring private spies and guards and armies became a fixed practice since the Homestead and American Railway Union strikes. (James O'Neal: "The Workers in American History").

In his book "DYNAMITE - THE STORY OF CLASS VIOLENCE IN AMERICA", Louis Adamic traces the beginnings of racketeering in the labor movement and finds their source to be the relentless brutality practiced by the early industrialists against the workers. Suffice a few words from Adamic's book pertaining to labor conflict in America up to the 1920s:

> "FROM THE END OF THE MCNAMARA CASE IN 1911, UNTIL SAY 1920 MOST OF THE VIOLENCE IN THE CLASS STRUGGLE IN THE UNITED STATES WAS PERPETRATED BY ORGANIZED CAPITALIST INTERESTS, ACTING LARGELY THRU THEIR AGENTS IN THE GOVERNMENT. IT WAS A PERIOD OF MASSACRES, FRAME-UPS, RED SCARES, MASS ARRESTS, JUDICIAL MURDERS - DIRTY DOINGS, FAR WORSE THAN THE ACTS OF SUCH CHARACTERS AS ALEXANDER BERKMAN, BILL HAYWARD, THE MCNAMARAS, AND THE CENTRALIA I.W.W. THE LATTER, AT LEAST, WERE NOT PERPETRATED BY THE POWERFUL AGAINST THE WEAK, WERE NOT ANTI-SOCIAL, BRUTAL, BRUTALIZING, INHUMAN IN THE MOTIVES BEHIND THEM."

The Harding Administration's genial phrases, so dear to American capitalists, masked a movement on foot to break up the trade unions. "Industrial Freedom" and "Americanizing the American Worker" meant in practice the removal of obstacles in the path of capitalists to exploit labor-power according to their own terms. Employers busied themselves with educating workers to the belief that the owners of industry and their employees were but one big family. They attempted to open workers' eyes to the beneficence of capital with company welfare and group insurance. Capricious inducements to open the

pores of labor! "Some of the fanatical open-shoppers" wrote Adamic, "refused to sell their products to, or buy, raw materials from other employers of labor who would not adopt the American plan. They lowered wages to almost the pre-war scale, while the cost of living stayed up. Strikes were broken with court injunctions and hired gunmen. This was part of the Back to Normalcy Movement!"

Apart from the legally established machinery of suppression, such as the local police, state militia, the army, navy and air force, the capitalists employ private means of coercion, such as elaborate strike-breaking machinery consisting of the undercover work of private detective agencies who in turn employ criminals in behalf of capitalists to break strikes, and to serve as spies and guards. As the class struggle becomes more intense, the cost of conflict increases and is an added incentive to the capitalist class to derive more unpaid labor from workers in the various industries. Consequently, in addition to the taxes paid by capitalists to maintain their legalized machinery of suppression, individual and groups of capitalists take from their profits large sums of money to pay for their private means of suppression. Thruout the United States, systems of espionage and strike-breaking appear under bogus names, such as "Human efficiency engineering" and "Industrial servicing".

> "A SURVEY OF FIFTY CITIES HAS REVEALED BETWEEN 700 AND 800 STRIKE-BREAKING ORGANIZATIONS, MOST OF THEM CALLING THEMSELVES PRIVATE DETECTIVE AGENCIES. AT LEAST 222 AGENCIES WHICH FURNISH LABOR SPIES WERE FOUND. A CONSERVATIVE ESTIMATE PLACED THE NUMBER OF PAID INFORMERS IN THE RANKS OF UNION LABOR AT 40,000, OR ONE SPY FOR EACH LOCAL UNION OF THE A.F.L."
> (EDWARD LEVINSON: "THE RIGHT TO BREAK STRIKES", CURRENT HISTORY MAGAZINE, FEBRUARY 1937.)

Further information disclosed that twelve of the above-mentioned agencies were national organizations with branches in several cities. One of these being the Railway Audit and Inspection Company which supplies guns and ammunition to agencies, companies and public officials in strike areas. Companies using strike-breaking services includes firms from every industry in the nation. An investigation for the Labor Board placed industry's annual bill for industrial spies at $80,000,000.

The technique of espionage varies according to conditions. Some of the most common forms are as follows: the discharge of those workers with radical tendencies with the usual pretext of their performing unsatisfactory work; should workers express the desire for unionization, then plans for a company union are formed

forthwith; the signing of poor agreements; engaging in "ill-advised" strikes; destruction of unions thru dwindling membership, due to the tactics of union secretaries who are employed by detective agencies for this purpose.

The LaFollette investigation disclosed that during 1934-36 General Motors spent $839,764 on spies. In one year, 1936, Robert Allen Pinkerton was able to vote himself $129,000 in dividends. The same year, Corporations Auxiliary, whose largest client is Chrysler, did a gross business of $518,215 and its president, James H. Smith, awarded himself a salary of $75,000. The gross income of the National Metal Trades Association, a detective agency, was not revealed but it was testified that on January 15, 1937, this firm was "servicing" a total of 952 industrial plants.

Before monopoly capital became dominant, the capitalists generally negotiated with the underworld direct. But with the advent of the trusts, the owners of industry negotiate with detective agencies or firms who make it a business of hiring out strike-breakers, spies, guards and scabs, the majority of whom are recruited from the underworld, altho many of the hirelings are the workers themselves. Therefore, the hiring of strike-breakers, professional spies and guards is now done thru legally established intermediaries.

Labor Unionism and Gangsterism

There exist gangsters and thugs in the employ of union officials, to apply strong-arm methods on recalcitrant union members and on scabs, but mainly to do violence to capitalist employers in order to coerce the latter into agreements with the unions. These gangsters in many cases eventually have themselves appointed as union officials, to dominate and browbeat the union membership, as well as filch money from the union treasuries.

The outright violence used by American capitalists to crush the trade unions was the only weapon available to the leaders of organized workers in the latter's struggle with capitalists. Space does not permit of our dealing with the evolution of gangsterism in the labor movement. This subject is adequately dealt with in a number of available books, particularly in Adamic's book, mentioned elsewhere in this article. However, what we must bear in mind is, that when employers bore down upon the labor unions during the Harding Administration and thereafter, the only possible labor strategy evolved into racketeering methods, which, in many cases saved the unions from extinction, particularly those of

the building trades.

Labor strategy varies according to the conditions of production: it is the execution of plans resorted to by labor unions to make the bosses come to terms, and these plans are executed by leaders of the various unions. For example, to threaten the lives of employers and the next thing in importance to them - their property, were the keynote of labor strategy in the last decade. Professional criminals with no affiliation with the unions were hired by union officials to slug, dynamite, kill and perform other deeds of violence upon employers. This kind of labor strategy was the answer to "The American Plan." Union officials appraised the situation and set to work. Dynamitings took place in strike areas, in Passiac, Martinsburg, Pittsburgh, Detroit, Chicago, New York, Brooklyn and the Bronx. Here and there an employer or strawboss was beaten up or "rubbed out" or his home dynamited. With calculating cunning, labor leaders were able to finally release the pressure of opposition from the bosses and in specific cases excelled even the capitalists in their unscrupulousness.

> "IN THE DECADE FROM 1921 TO 1933, LABOR BOMBING IN CHICAGO WAS A ROUTINE OCCURENCE. ABOUT HALF OF THE BOMBS EXPLODED WERE TOSSED BY LABOR AND BUSINESS RACKETEERS. TOTAL:904". (THIS LABOR UNION RACKET" - EDWARD DEAN SULLIVAN.)

In recent years, the use of dynamite by labor leaders has been curbed inasmuch as the government controls the sales of high explosives.

Many people are of the belief that Section 7A of the one-time Recovery Code revived the trade union movement. But the operation of Section 7A actually brought five times as many workers into company unions during the short-lived New Deal which manifests the increased interest of employers in preventing workers from joining unions of their own choice.

Since the Wagner Act has been sustained by the Supreme Court, other kinds of unions have developed. The American Labor League in Detroit has, as one of its main principles, that its members will never, under any circumstances, engage in a sit-down strike. Several new unions have sprung up in Michigan in recent months and the officials of the one-time company unions are heading the new independent ones. (The New Republic, May 26, 1936.)

Organizations for the marketing of labor-power can never be free from the anarchistic influence of the market and competition. Market fluctuations in the price of labor-power are always reflected in trade

union policy, in the establishment of wage rates and the fight for better working conditions. Because the tendency under capitalism is to use less labor-power in wealth production, giving rise to a vast army of unemployed workers, the bargaining facilities for labor-power tend to lose their effectiveness. This tendency is reflected within the trade unions in the following manner: small fluctuating membership in relation to the total working class; exorbitant extrance fees and membership dues; job patronage and the control by union officials of available jobs in the trades; the "permit system" enacted by racketeering labor leaders, employing non-union members to work on union jobs at a cost of 20% of the workers' wages; payment of fines by union members, amounts of which are often out of proportion to the offenses committed; all sorts of assessment fees in addition to membership dues; suspension of union members for non-payment of dues, even when failure to pay is due directly to unemployment; loss of membership due to the formation of industrial unions.

Most of the unions are in reality merely the business organizations of enterprising union leaders and are used by these leaders for their own purposes. Consequently, those unions in the control of racketeering labor leaders are opposed to the interests of the workers. The power to extort money from, levy fees upon, and to dictate terms to union members by gangster leaders is economic in character. It is an extension of the power that capitalists wield over the workers, namely "the power to coerce and to punish by the termination of a member's opportunity to earn a living at his own trade." Where there are racketeers in control of labor unions, the organized workers are victimized in a twofold manner: by the capitalists who give them less share in the total social value and by the racketeering labor leaders who filch amounts from their wages as well as bankrupt the union treasuries. The extortion by racketeering labor leaders is, however, only the result of the exploitation process in the production of surplus value. There are innumerable accounts of the activities of this particular kind of lice published in newspapers and in a number of books. We have selected three of their case histories from Sullivan's "THIS LABOR UNION RACKET":

> SAM KAPLAN OF NEW YORK, DEPOSED HEAD OF LOCAL 306 OF THE MOTION PICTURE OPERATORS' UNION. ALTHO THE UNION OFFICIAL WHOM KAPLAN HAD SUCCEEDED HAD RECEIVED BUT $3,000 A YEAR, KAPLAN, IN A PERIOD OF 18 MONTHS, BOLDLY UPPED HIS OWN SALARY TO $21,000 A YEAR. ON LOCKING INTO KAPLAN'S AFFAIRS, THE AUTHORITIES FOUND THAT HE HAD RECEIVED NEARLY $60,000 IN "GIFTS" OVER A PERIOD OF FOUR YEARS. IT WAS WHILE RESPONDING WITH A FEW WELL-CHOSEN WORDS TO A GIFT OF $25,000 FROM THE FULL AND REGIMENTED MEMBERSHIP OF HIS HELPLESS UNION

THAT KAPLAN INFORMED THEM THAT THE UNION WAS FLAT BROKE. MADE NO ACCOUNTING OF MONIES AND REFUSED TO PRODUCE THE BOOKS OF THE UNION WHEN REQUESTED TO DO SO BY JUDGE MAY IN NEW YORK. ONE OF THE RACKETEERING NOVELTIES UTILIZED BY KAPLAN WAS A PERMIT SYSTEM THRU WHICH HE EMPOWERED NON-UNION MEN TO WORK ON UNION JOBS. NONE OF THE UNION MEN WERE AWARE OF THIS UNTIL HIS TRIAL. THEN IT WAS FOUND THAT MORE THAN 600 NON-UNION MEN HAD BEEN WORKING STEADILY UNDER HIS "PERMIT" SYSTEM. THEY HAD PAID IN INSTALLMENT FEES RANGING FROM $500 TO $1,000 AS AN INITIATION TRIBUTE AND WERE FORCED TO "KICK-BACK" 20% OF ALL INCOME FROM THEIR JOBS. THIS CLOSED THOUSANDS OF JOBS YEARLY TO THE MEMBERS OF KAPLAN'S OWN UNION.

TOM MALOY. DURING HIS LONG REIGN AS CZAR OF THE MOTION PICTURE OPERATOR'S UNION 110 OF CHICAGO, LARGE GIFTS WERE REQUIRED FROM NON-UNION MEN FOR THE INITIAL WORKING PRIVILEGE AND FOR EACH NEW JOB. MEN WHO HAD BEEN IN THE UNION FOR 15 TO 18 YEARS WERE WITHOUT WORK, WHILE NON-UNION PERMIT SUCKERS WERE EMPLOYED, PAYING THE KICK-BACK TO MALOY AND HIS TOUGH AIDS. NOTHING THAT THE PAINTERS OF BROOKLYN OR HUNDREDS OF OTHER SUCH GANGSTER-DOMINATED UNIONS ENDURE CAN SURPASS THE RECORD OF MALOY FOR GETTING THE FINAL DIME OF TRIBUTE, WITH BENEFIT OF MURDER, BOMBING AND SLUGGING. HE COMPLETELY CONTROLLED THE EARNINGS OF WORKMEN WHO WERE USED AS TOOLS IN EVERY SORT OF CROOKEDNESS AND GRAFT. IN ORDER TO INSURE FOR HIMSELF INCOME FROM TEMPORARY WORKING PERMITS TO NON-UNION MEN, MALOY ADMITTED NO NEW MEMBERS TO THE UNION OVER A PERIOD OF FIFTEEN YEARS, ALTHO IN THAT TIME EXPANSION OF THE MOTION PICTURE BUSINESS WAS GREAT. HE GAVE THE NON-UNION MEN, FROM WHOM HE GRAFTED THRU TEMPORARY PERMITS, THE BEST JOBS AVAILABLE. AT TIMES THE MAJORITY OF OPERATORS WORKING IN THE CHICAGO THEATRES WERE THESE PERMIT MEN, WITH THE DUES-PAYING MEMBERSHIP OUT OF WORK.

PATRICK J. COMMERFORD, TAMMANY LEADER, VICE-PRESIDENT OF THE NEW YORK STATE FEDERATION OF LABOR; ONE-TIME SUPERVISOR OF LOCAL 125 INTERNATIONAL UNION OF HOISTING ENGINEERS. MAKING $200 AS SUPERVISOR OF LOCAL 125, WAS CHARGED WITH HAVING TAKEN SUMS RANGING FROM $2500 TO $7000 FROM CONTRACTORS AS HIS PRICE FOR "FIXING" LABOR DISPUTES. THIS IS, COLLECTING GRAFT ON THREAT OF A STRIKE. CHARGED WITH RECEIVING $75 WEEKLY AS PIN MONEY OVER A PERIOD OF YEARS FROM A HOISTING CONCERN EMPLOYING NON-UNION LABOR; $50 WEEKLY FROM ANOTHER. SOLD PROTECTION IN RELATION TO LABOR; HAD AN AUTO PURCHASED BY THE UNION WHICH ALSO PAID FOR A CHAUFFEUR AND ALL GARAGE, TIRE AND GASOLINE COSTS. UNITED STATES ATTORNEY MEDALIE CHARGED COMMERFORD WITH HAVING RECEIVED $2500 FROM THE GREENMALL CONSTRUCTION COMPANY; $5000 FROM R.J.MURPHY & CO; $5000 FROM P.J.CARLIN, INC.; $7000 FROM WM.F.GAHAGAN, INC. ALL UNRECORDED ANYWHERE. DURING COMMERFORD'S REIGN AS DICTATOR OF LOCAL 125 THERE WERE MURDER PLOTS, SHOOTINGS, MISAPPROPRIATION OF UNION FUNDS, DISCRIMINATION AGAINST MEMBERS, BLACKLISTINGS, COERCION, INTERFERENCE WITH CONTRACTORS' JOBS.

Organized Extortion

Another phase of widespread use of criminals is the terrorism and violence practiced by organizations who sell protection to, as well as muscle in on, petty capitalist enterprises. The common belief is that business firms are dominated by and often become bankrupt by the extortionate demands made upon them, small

industrialists, merchants and shop-keepers usually being the victims. We are further led to believe that the underworld has taken over the control of commodity distribution in certain areas of large industrial centers. On the contrary, in the course of their competitive struggles in the circulatory process, small capitalist enterprises have found it expedient to use the underworld to further their interests. While it is true that some firms may become bankrupt as the result of racketeering activities, they do so at the hands of their competitors who employ gangsters to do their bidding,

Investigation of the "trade racket" discloses that the hiring of criminals is only a part of the business of the highly organized systems of extortion. Organizations for extortion must be composed of business men, labor leaders, politicians, criminals from the underworld, and lawyers. If these five elements are not present, the organization is short-lived. The organization must comprise trade connections, labor unionism, alliance with the local government, strong-arm talent and a knowledge of jurisprudence. The wresting of control of such organizations by criminals makes no essential difference in their makeup, the change being only in the personnel in control.

When the depression brought on repeal of the Eighteenth Amendment, the most lucrative field of illegal enterprising was eradicated, but new fields of activity were soon to be furnished by capitalism. In Chicago, for example, racketeering in small trade was the beginning of a vast system of criminality in control of labor unionism and business, the racketeers in that city having "working arrangements" with racketeers in New York, Philadelphia, Detroit and Cleveland.

The prime motive of the protection-racketeers is extortion for gain and the outcome of their operations result in the attempt to control competition and prices. This is why such racketeering is generally accepted by small business-men; for they see in the activity of the protection-racketeers the attempt to regulate business <u>in their behalf.</u>

The protection racket does not prevent but simply restricts competition. If the racketeers perform their work of protection at exorbitant fees extorted from small shopkeepers and merchants, they themselves suffer the consequences by eventually being exposed, in spite of their political connections, like the racketeers in the restaurant racket:

"THE METROPOLITAN RESTAURANT AND CAFE ASSOCIATION VICTIMS PAID $250 INITIATION FEE AND DUES OF $5.00 PER MONTH. AFTERWARD, THE ESTABLISHMENTS GETTING PROTECTION FROM THE ASSOCIATION WERE SHAKEN DOWN FOR WHATEVER THEY COULD STAND. ONE NEW YORK CITY CHAIN OF RESTAURANTS GAVE UP $1700; JACK DEMPSEY'S RESTAURANT GAVE ONLY $285, THE FIGHTER'S PRESTIGE ALONE WAS WORTH MUCH MORE TO THE ASSOCIATION. IF PROPRIETORS REFUSED TO JOIN, STENCH BOMBS EXPLODED AND "LABOR TROUBLES" BEGAN. THE RACKETEERS USED WAITERS, WAITRESSES, CAFETERIA WORKERS UNIONS TO ENGINEER STRIKES. SOME OF THE UNION OFFICIALS, RACKETEERS THEMSELVES BY COMPULSION OR PREFERENCE, OFTEN CALLED STRIKES SOLELY TO FACILITATE SHAKEDOWNS. WHEN RESTAURANT OWNERS "SETTLED", THE STRIKERS WENT BACK TO WORK WITH EMPTY POCKETS, VICTIMIZED WITH THEIR EMPLOYERS."
(NEWS WEEK, APRIL 3, 1937.)

There is another manner in which the racketeers deprive themselves of customers when extorting sums too exorbitant. The New York Times for April 1, 1937, for instance, reported that 140 manufacturing concerns had left the city during 1936 "because of racketeering in business and labor." Racketeers are learning from experience that to bankrupt a small enterprise by extorting large sums of money is to lose an otherwise steady customer; that if they extort sums that are more or less "reasonable" to their customers they themselves are likely to benefit from the transaction and to fulfill a need. To the racketeering organizations who exercise such prudence, the small business man finds it to his interest to pay up and shut up. Thus the extortion system is becoming absorbed by capitalist legal procedure and confuses jurisprudence in ascertaining when a racket ceases to be a racket and such development led the Federal prosecutor, George Medalie, for the District of Southern New York, to make the following statement: "It is becoming increasingly difficult, even for the trained specialist, to tell the difference between a respectable business-man engaged in racketeering and a disreputable racketeer engaged in respectable business."

The protection racket is farflung in America and comprises a business reaching into millions of dollars annually. The buyer of protection (usually a petty capitalist) is coerced into fulfilling his contract with the seller (the racketeering organization, represented by the gangster) by threats of violence to his person or to his business. The service rendered was at first of a fantastic sort: it purported to protect the client from destruction or violence from other racketeers. Thus the "service rendered" did at first have the aspect of protection from some other gang of thugs in opposition to the first gang. This phase of the protection racket existed mainly during the formative period of the present well-organized system of extortion. It is this angle of the racket that gave rise to the popular belief that

trades people were dominated by gangsters. It is true that gangsters performed extortion for the simple reason of getting easy money, but such activity was isolated and short-lived. For gangs of criminals alone, cannot exist for long without political affiliations and legal assistance. For fees at first extorted by thugs for easy money's sake, the protection rackets have evolved into organized systems which perform the actual service of preventing individual capitalists from going into business in the neighborhoods containing dues paying members of the protection association or by destroying those who do not join their association when it is in the process of organizing.

Leaders in a reign of terror in the trucking industry were recently brought to trial in New York City. The policy and methods in the truck-racket case were disclosed and are as follows: to keep all trucking companies not belonging to the protection association from doing any business whatever. This plan was furthered by stench bombs, assaults with guns, damaging of trucks thru placing of emery in the engines, destruction of plate-glass store fronts, extortions, and other acts of violence. Those who joined the Association were enriched with accounts taken by force from those who did not join. Taking of accounts, rather than money, was the general procedure in this racket. The accounts were transferred to other companies in the association. The association charged its members an initiation fee of $100 and $15 a month dues.

The garment racket was also uncovered recently, in which an official of Lombardy Frocks, on Broadway in New York City, had paid $45,000 to racketeers between 1931 and 1936 under threats of personal violence and ruin to his business.

Muscling in differs from the protection racket in that racketeers hire criminals to engage in direct competitive struggles on the market; that is, the gains realized from muscling in results from actual participation in competition. The most racket-ridden city in the country is New York, where tribute is levied on foodstuffs of all kinds: artichokes, flour, milk, fish, ice, grapes, spinach and poultry. Fred D. Pasley's descriptive book entitled, "Muscling In", gives the methods of extortion in innumerable muscling-in rackets:

> "...ARTICHOKES WERE PURCHASED IN CARLOAD LOTS AS THEY ARRIVED FROM CALIFORNIA, PRICED AT $6.00 A CRATE. THE ARTICHOKES WERE THEN RESOLD TO THE RETAILERS AT AN ADVANCE OF $2.00 A CRATE. DEALERS COULD HAVE BOUGHT THEM DIRECT FROM THE CALIFORNIA MARKET BUT "STRANGE THINGS" HAPPENED TO DEALERS WHO HAD DONE THAT. THEIR DELIVERY TRUCKS WOULD LOSE WHEELS AND TIRES; BRICKS WOULD FALL ON THE

HEADS OF DRIVERS; POISONOUS CHEMICALS WOULD BE SPRAYED ON THE CONSIGNMENTS. CASES WERE ON RECORD WHERE DEALERS HAD BEEN TAKEN FOR RIDES. WHEREFORE THE RETAILERS PAID $2.00 EXCESS PER CRATE, AND THE CONSUMER PAID 25% MORE PER ARTICHOKE.

"....THE DEAD WAGONS OF THE ALLEGED FRUIT SYRUP MONOPOLY WERE WHAT THE LITTLE MANUFACTURERS AND WHOLESALERS OF NEW YORK CITY FEARED. THEY KNEW THE PORTENT OF THEIR APPEARANCE ON THEIR ROUTES. THE MONOPOLY WAS AFTER THEM. THE DEAD WAGONS WOULD FOLLOW THEIR TRUCKS AND OFFER THE CUSTOMERS SYRUPS AT PRICES RUINOUSLY LOWER THAN THEY COULD QUOTE.

"THE FISH RACKET ENACTED TRIBUTE FROM EVERY DEALER, RETAILER OR WHOLESALER. THE FISH RACKETEERS RECEIVED THE CATCHES OF FISHERMEN AT THE POINT OF LANDING IN MANHATTAN, THE FULTON MARKET PIER, WHERE A REPRESENTATIVE OF THE RACKET CHARGED $10 FOR EVERY BOATLOAD. THE CREWS OF FISHING SMACKS COULD NOT UNLOAD THEIR OWN CARGOES. THEY HAD TO SIT WHILE THE MEN HIRED BY THE RACKETEERS DID IT.

"THE METHOD IN THE GRAPE RACKET WAS FOR GANGS IN RAILROAD YARDS TO ASSESS BUYERS AN EXTORTIONATE SUM FOR GUARDING AND LOADING GRAPES; OTHERWISE CARS WOULD BE EMPTIED AND THEIR CONTENTS DAMAGED.

"THE NOTORIOUS PURPLE GANG OF DETROIT HAD EMBARKED UPON A PROJECT TO SEIZE THE BUS LINES OF AN OHIO COMPANY WHOSE MAIN LINE RAN FROM DETROIT TO CHICAGO VIA TOLEDO AND SOUTH BEND, AND CONTINUING ON TO ST.LOUIS. THE GANG CHIEFTANS WERE SMART ENOUGH TO KNOW THEY COULD NOT ARBITRARILY TAKE THE COMPANY OVER BY MEANS OF THE GUN, SO THEY ARRANGED TO WRECK IT FINANCIALLY THRU DAMAGE SUITS ARISING FROM FAKE ACCIDENTS. THEY BRIBED DRIVERS TO SKID OFF INTO DITCHES AND COLLIDE INTO SMALL CARS. THEY RETAINED A SHYSTER LAWYER IN PERSONAL INJURY SUITS TO BE AT THE SCENE OF EACH ACCIDENT. A HALF DOZEN ACCIDENTS HAD OCCURRED WHEN A DRIVER WITH A BUS LOAD OF TWENTY PERSONS LOST HIS NERVE AT THE MOMENT WHEN HE WAS TO DITCH THE VEHICLE. HE CONFESSED, REVEALING THE COMPLETE PLOT.

"THE PURPLES MUSCLED IN ON INDUSTRIES, THEN THE BUILDING TRADES THRU THE PLUMBERS' UNION, AND THEY SOLD PROTECTION TO SMALL MERCHANTS AND SHOP-KEEPERS."

Each system of exploitation creates its own underworld. The conditions of its life, as Marx explained in the Communist Manifesto, make of it a bribed tool of reactionary intrigue. It cannot be depended upon in the proletarian revolution. In this respect, the American underworld differs from no other in capitalist countries. In particular, however, the American underworld does reflect the impersonality and ruthlessness of American capitalism. Here the execution of crime is put on a businesslike and syndicated basis, having specific divisions of labor and keeping pace with technological development. The professional criminals play only two important roles in class warfare: on the labor market where they are the tools of capitalists or labor leaders, and on the commodity market proper where they are the instruments of small capitalists in their competitive struggles. Altho crimes may be engineered and

executed by professional criminals in class warfare, they can never at any time be more than the tools of classes or of sections of a class. The fact that individual gangsters have achieved fame because of their personal exploits, does not after this situation. The leadership of criminal syndicates conveys to the population the belief that prominant criminals dominate the business world and they point to Al Capone as a warning to what gangsters can do. Capone was a gangster-capitalist. After having made a fortune on the sale of liquor, he withdrew from active participation "in the field" and hired his plug-uglies to do his dirty work. He cut in on the cleaning and dyeing trade in Chicago which netted him a fortune. The leaders of criminal syndicates, that special section of the underworld, cannot act arbitrarily, no more than can the capitalists. The innumerable small gangsters who perform deeds of violence merely do the bidding of their leaders in the protection and muscling-in activities, and occasionally rise to the top by becoming capitalists. The rackets are limited to the conditions imposed upon them by capitalism; the protection racketeers perform a service which has become a necessity to small capitalists; the muscling-in racketeers (small business-men and labor leaders, backed by politicians and lawyers) employ criminals to cut in on other small capitalists' share of trade.

In the final analysis, nothing is essentially altered. What the protection rackets do is to restrict competition to a limited degree for the benefit of some of the small capitalists; the muscling-in methods merely result in the transfer by deeds of violence of a small enterprise from the hands of one group of capitalists into those of another. The entire subject of racketeering in its three phases is simply reduced to the study of methods resorted to by American capitalism to further the exploitation of the working class in the production of surplus value and to realize in the circulatory process, the surplus value produced. Who then are the racketeers? Not the city thugs and plug-uglies, but their employers. The real racketeers are the monopoly capitalists who cloak with respectability their use of the underworld against the working class by hiring, indirectly thru detective agencies, professional criminals against workers. The labor fakers are the racketeers, for they employ, to their personal advantage, convicts and criminals against workers, organized and unorganized as well as against the capitalist-employers. Those petty capitalists, along with their henchmen, the crooked politicians and shyster lawyers, are the racketeers for whom professional criminals are a willing tool in the competitive struggles of the former.

Fate of the Small Capitalists

No other country in the world could lend itself so fully and completely as did America to the play of economic forces that gave rise to the political concepts such as "Freedom of the Individual" which can only mean, in actuality, the right of capitalists to appropriate the unpaid labor of workers. It means, in addition, the license of monopoly capitalists to dispossess small business-men. It also means their free reign in all divisions of labor, including that of agriculture, and to this free reign was added momentum by the inability of the Federal government to regulate the movements of monopoly capitalists in the interests of small competitive capitalists. Each phase of the productive process has its own "justice and fairness." These are terms used synonymously by big capitalists to enlarge their holdings and by small capitalists to get back what has been taken from them.

Thus it is that capitalism undermines its own political principle of freedom of opportunity that originally made small business-men and farmers thrive in this country.

In capitalism, a general antagonism of interests prevails; "a war of all against all which is called competition". When competition in various spheres of capitalist enterprise becomes intense, certain procedure arises with which to accomplish the economic aims of either buyers or sellers of commodities. The marked expedient of competition in present-day America among small capitalists is racketeering. The use of criminality as a means to further the movements of commodities is as necessary to small capitalism as the trust is to monopoly capitalism. The extortionate acts performed upon small business enterprises by thugs in the employ of other small business-men is fast becoming a part of established business procedure. Such practice is considered unethical and termed "perverted" capitalism, but perverted only insofar as free competition is considered to be a phase of "normal" capitalism. The courts have allotted to the "trade racket" a criminal category of its own and attempt to punish such racketeering as "an invasion of inalienable human rights". To what ridiculous measures the courts are forced in order to protect inalienable human rights are found in the Sherman Anti-Trust Law, a measure prohibiting the formation of trusts that would restrain the free flow of trade. The Clayton Act was later designed to strengthen the Sherman Law. These Federal, as well as innumerable State, laws are enacted to protect the inalienable rights of petty capitalists. The laws of commodity pro-

duction, however, dictate what type of legislation shall be enforced. What is illegitimate in theory can be legitimate in practice: the anti-trust laws are on the statutes and there they remain as ineffectual as the holding of water in a sieve. Out of the inability of small capitalists to stave off the natural course of capitalist concentration, arose the fully developed type of racket.

The course of capitalist development not only undermines capitalism's own political principles but turns the application of these principles against the actual class which fostered them. Already in many localities small trade and industry look to the protection-racketeer to protect them from unbridled competition, if you please! Unbridled competition is none other than the "free" competition for which small capitalists have fought for decades. They battle hopelessly the forces which generate their own destruction; for they must not only compete with the mass-productive methods of big industrialists, but sections of small capitalists must now hire protection while others hire the musclers-in. All the gangsters can do is, at the behest of some of the small capitalists, to meddle in the affairs of other small capitalists; that is, to prevent individuals with capital from setting up shop or to cut into the trade of some thriving competitor. Such tactics can exist only where monopoly capitalism has not as yet entered, or has found it unprofitable to bury its tentacles. The gangsters do for the small capitalists what the monopoly capitalists were able to do for themselves in the face of the law, for the movement of the latter, sanctioned by legality despite the Federal laws opposing their growth, are in keeping with the natural course of capitalist development.

Conclusion

Now the apologists seek an explanation for racketeering. Its origin (always in some foreign port) is that of the Tong gangs of China who brought their methods to this country. Racketeering is seen to be a hang-over of the one-time outlaws of the Wild West. But each system of exploitation determines its own kind and degree of criminality and lawlessness. The robber barons of feudal Europe, for instance, flourished in the only environment suitable for their existence. They were not crushed but were compromised with by European monarchs for the former were a power to be reckoned with. Nor are the modern city thugs an offshoot of the outlaws of the Wild West. Those outlaws were plainsmen, had been cowboys and cattlemen, were daring riders and expert gunmen, who had been dispossessed by the influx of settlers before they had become outlaws. Lawyers

blame the courts for racketeering because of their corruptibility; but racketeering cannot be abolished by perfecting the mechanical means of administering capitalist law. The press, due to its capacity for gathering news, blames the government for its corrupt alliance with the underworld. The clergy think the cause of racketeering is due to the decline of parental influence in the home. The bourgeois economists say that "industrial excesses" are the cause of racketeering. Industrial excesses may mean excessive profits or excessive poverty, all of which explains nothing. Then again, the World War and Prohibition are the cause of racketeering. But the War and Prohibition simply accelerated the use of criminality in class warfare: repeal of the Eighteenth Amendment left unemployed a professional class of gangsters to seek other forms of employment, and the World War placed in the hands of the criminals their technique of warfare. Each apologist has a specific antecedent as the cause of rackets, all of which are of secondary importance and are in turn conditioned by the social relations of production.

As the permanent crisis deepens, mass slaughter and social waste hitherto undreamed of will stagger and confound the bourgeois economists. In their attempts to rehabilitate capitalism, capitalists must continue to increase exploitation of the working class, resulting in further reduction of the number of workers employed and less value for those who are employed. Capitalists will attempt to merge their sectional differences in recognition of only one form of unity, that of the preservation of their system. But what is most fundamental is that the law of capitalist accumulation can function only to the ultimate destruction of the capitalist class itself. The exploitation of labor-power has its physical limits, resulting in mass unemployment and semi-starvation of workers only to precipitate demoralization in all aspects of personal and social life and will tend to swell the ranks of criminals who will ever be a willing tool in class warfare. The government may in time abolish the employment of gangsters by small capitalists on the commodity market proper and itself absorb the function of the rackets; that is, strive to regulate competition and prices. The means of private coercion employed by the monopoly capitalists thru detective agencies deprives the State of its official function as well as a share of the revenue that now goes to these detective agencies. The government considers this angle of private coercion and looks to eliminating it. This does not mean, however, that the underworld ceases to be the tool of capitalists. The underworld and its use by the capitalist class is not a passing phase of the system; on the contrary, so long as capitalism exists, criminality is its instrument in class warfare and can disappear only after the proletarian revolution has completely crushed capitalism, destroying all the social relations of production that make for racketeering.

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INTERNATIONAL COUNCIL CORRESPONDENCE

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By the Groups of Council Communists of America

The period of progressive capitalist development is historically closed. The decline period of capital, a permanent condition of crisis, compels to ever greater convulsions of economy, to new imperialistic and military conflicts, to ever increasing unemployment and to general and absolute impoverishment of the workers. Thus is given the objective situation for the communist revolution in the capitalist countries. For the working class, there is only the revolutionary way out, which leads to the communist society. No one can deprive the workers of this task, which must be carried out by the class itself.

The publishers of Council Correspondence see in the acting self-initiative of the workers and in the growth of their self-consciousness the essential advance of the labor movement. We therefore combat the leadership policy of the old labor movement, and call upon the workers to take their fate in their own hands, to set aside the capitalist mode of production and themselves to administer and direct production and distribution in accordance with social rules having universal validity. As a fighting slogan and statement of goal we propose:

All power to the workers' councils! The means of production in the hands of the Workers!

THE WAR IN THE FAR EAST

Foreword

The center of gravity of world politics has moved from Europe to the Pacific Ocean.All workers should aquaint themselves with the problems of the Pacific, with the development of China and Japan in relation to the policies and needs of the imperialist nations. Imperialism today is different from what it was 20 years ago,just as capitalism today has features unknown to it 20 years back. The problems of Asia are determining for the whole future of world capitalism. The following series of articles,to be continued in the next issue of the Council Correspondence,can not pretend to do more than present an outline of the more important phases of the question of Asia. And here we shall proceed from the simple to the complex. Beginning with an account of the history and development first of China and then of Japan, we shall proceed to touch upon many problems facing each of these countries and the problems which they have in common, again in connection with the imperialist policies of the western capitalist powers, especially England and the United States.

Under the general heading "The War in the Far East" the following chapters will appear: Outline of Chinese History / Chinese Economy / Foreign Capital in China / The Chinese Revolution / "Soviet-China" / History of Japan / Japanese Economy / Sino-Japanese Relations/ Russia in Asia / The Asiatic policy of

England and the U.S.A. / The new Role of Imperialism / Limits of Capitalization / Possibilities / The Final Necessity.

Sources used in connection with this series comprise so many different books,papers and documents of unquestionable veracity that,wherever possible, we abstain from quoting. But we wish to mention the following to which we are greatly indebted.-

Periodicals : Asia,Foreign Affairs,Current History, Living Age.
Books: Shuhsi Hsü, " China and her Political Entity", Shao Chang Lee,"China:Ancient and Modern", J.L.Buck, "Chinese Farm Economy", MacNair,"China in Revolution", Tanin and Yohan,"When Japan goes to War", "Eastern Menace", D.Murray, "Japan". And foremost of all the papers of many western and Chinese authors as the appeared in the "Proceedings of the Conferences of the Institute of Pacific Relations", published by the University of Chicago.

Outline of Chinese History

China had its origin in the basin of the Yellow River. Through colonization it expanded southward and into Manchuria and Korea. Chinese colonization dates back as far as 1100 B.C.,when the present Chinese territory was still divided into many humdred feudal states.But at the time of Confucius (551-479 B.C.) centralization of political power had reduced the number of independent states in China to 160, and 50 years later there were only 8. In 300 B.C. China's rule over Manchuria had been consolidated.The construction of the Great Wall began as a protection against the desert tribes and Nomads.

In 1277,Kublai Khan, grandson of the conquerer Genghis Khan,declared himself emperor of China,establishing his capital at Peking. In 1368 this Mongolian Yuan Dynasty was overthrown and the Chinese Ming Dynasty established,which in turn was overthrown by the Manchus,who in 1644 founded the dynasty which was to last until 1911.

Under the Manchus the Chinese empire was extended from Manchuria to Tibet and from Outer Mongolia to the island of Hainan. More then 4,000,000 square miles with several hundred million people.(Chinese,Manchus, Mongols,Kalmuks,Tibetans,Miaotzus,and Lolos.)Chinese influence and authority extended to Korea, the Liu Chiu islands,Annam,Siam,Burmah,Nepal,Bhutan,and Sikkim.

With the beginning of the 19th century the rule of the

Manchus began to weaken. Political and economic stagnation within the country maintained misery and led to friction. Contact with European countries changed in a rather short time the entire social and economic life of vast areas of the country and ushered in a period of permanent unrest and revolutionary movements.

Chinese customs and thought were brought to the attention of Europe through the traders and Jesuits. Chinese arts and crafts aroused the admiration of European esthetes. Chinese silk manufactures, porcelain, needle work, wall papers and architecture were adopted in European cities, while its philosophy influenced many important European thinkers.

But if China enriched European culture, she received in return nothing but disturbances with their negative as well as positive aspects. International trade and its tool, the Christian missionary, came to challenge China's political supremacy in Asia. The "Opium War" with England in 1840-1842 showed the weakness of China as well as that of its dynasty and led to a series of attacks by European powers.

Previously, at the time of the coming to power of the Manchus, an attempt to aquire Chinese territory had been made by Russia. 200 years later, half of Manchuria had been lost in this way, but Russia was able to hold this territory for only 10 years. The "Opium War" gave Hongkonk to England and opened Canton, Amoy, Foochow, Ningpo and Shanghai to international trade. Between the years 1856 and 1860 China was once more engaged in wars with England and France, which meant more concessions and privileges to these powers, and also more treaty ports. After 1860 the western Powers dictated China's foreign relations.

At the same time that France and England entered China's territory, Japan was setting out on the path of modernization, not only in order to safeguard her own territory but also her interests in China. The determination that Asia should belong to the Asiatics characterized Japan's imperialist policy from the beginning, but this eastern "Monroe Doctrine" could mean in practice nothing but China's subordination to Japan.

Sino-Japanese enmity dates back to the war of 1237, in which China failed to subdue the then much weaker adversary. Friction between these countries has more or less always existed. Before the Sino-Japanese War of 1894-5, Russia took parts of Chinese Turkestan, and France began to control Annam. Other dependencies were lost to England and Japan. The War of 1894 was

fought over the control of Korea; it ended with a Chinese defeat and lead to the declaration of Korea's independence,which practically meant its subordination to Japan. Soon,Italy entered the Chinese scene,and so did Germany, and again Russia.

Growing opposition against the foreigners and their demands in China brought about the Boxer rebellion of 1900. The opposition was directed also against the rule of the Manchus,which were largely blamed for China's weakness. The Boxer rebellion was supressed by the imperialist Powers,and more concessions were wrested from China. However, early hopes of a partition of China by the invading capitalist nations were only to a small extent fulfilled;not only because of the strength of Chinese resistance and the expensiveness of such an enterprise,but also thanks to the rivalries existing among the different imperialist powers,to which the United States had to be added at the beginning of the 19th century. Russia's occupation of Manchuria,for instance, met with strongest opposition on the part of Japan and led to the Russian-Japanese War of 1905,which ended Russia's rule in Manchuria.The war also freed Japan's hands in Korea and added the southern half of the island of Sakhalin to her empire. The Germans were driven out of China territory in the course of the World War.Despite the fact that China had declared war on Germany,she was not allowed to participate in the spoils.What Germany lost was gained by Japan.

After the Boxer uprising the Chinese national revolutionary movement grew to ever greater proportions. Chinese capitalists, merchants and intellectuals studied the ways of western capitalism. Reform movements developed. Revolutionary activity under Sun Yat Sen led to a revolutionary war in Central China in 1911, to the overthrow of the Manchu dynasty, and the establishment of the Chinese Republic.

The revolution failed to bring national liberation.The concessions to the imperialist nations continued to eat from the incomes of the Chinese.In Manchuria, Japan strengthened her influence.The South Manchurian Railway was constructed.After 1912,England cooperated closely with Japan in relation to her China policy and against Russian interests. In 1911 Mongolia was set up as an independent nation under Russia's protectorate.Since 1917 Japan has supported and financed Manchurian forces struggling for independence and coordination with Japan. Armies were built up,the seaport of Dalny was developed. The Chinese Eastern Railway was controlled by Russian imperialism. In 1919 the

Bolsheviks declared null and void all Tsarist agreements with China, returned Manchurian territory and surrendered the Chinese Eastern Railway.But a year later this altruistic policy,based on opportunistic needs of the moment, was again abandoned.

In China there arose a demand for reforms after the Japanese example.The capitalization of the country slowly continued. Forces of reaction attempted the restoration of the Empire. The South and the North split. Civil War initiated the period of the war lords. The generals allied their own interest,of a sectional character,with one or the other of the rival capitalist nations. Some Chinese demanded cooperation with Japan against the white powers under the accepted slogan ,Asia to the Asiatics.Others wanted cooperation with Russia against Japan and for national liberation,for the forming of a strong nation in accordance with the Russian example.Still other war lords fought for outright British interests, and some for no other interests but their own. China in turmoil meant that her territorial and administrative integrity was less and less respected. Outer Mongolia became a puppet state of Russia ,just as"independent" Manchuria played the same role to Japan. Manchuria and the province of Jehol were transformed by Japan into Manchukuo. The rest of the country was almost continuously engaged in warfare.

Provincialism was still stronger than nationalism.The Northern (Peking) government was looked upon by the Southern (Canton) government as the puppet of foreign bankers.Joffe,and later Borodin,of Russia,attempted to help the Chinese national liberation movement, that is,to coordinate Chinese with Russian interests. Sino-Russian cooperation lasted till 1927,when the Kuomintang,or Nationalist Party, broke with Russia and established the National Government at Nanking.

The first party congress of the Kuomintang was held in 1924.Its program was designed to raise China to a position of freedom and equality among the nations.The leader of the Kuomintang,Chiang Kai-Shek, became the dictator of a movement which recognized that "equality" among the nations presupposes equal strength. The capitalization and unification of China was the first necessity. But the Russian (Bolshevik) course appeared less applicable to China.Six years after the World War, international capital had had time to reorganize and recuperate,so that the situation was quite different from the one in which it had found itself in 1917. The forces in China opposed to efforts directed toward state capitalism in the Russian sense were powerful,the elements in favor of it too weak. Support of capitalism,

national and international,was essential in order to develop the prerequisites for a Chinese national capitalism. Chiang Kai-Shek turned his back to Russia as soon as such a move was found opportune.But he could not persuade or force the whole country into line with this move, a situation which led to many years of civil war between the so-called "Communists" and the National Government. Chiang Kai-Shek consistently pursued a policy of cooperation with world capitalism,simultaneously taking advantage of the rifts among the nations on questions of the Pacific.

The National Government,established by the Kuomintang at Nanking in 1927,set out to transform the country into a strong centralized nation. Some of the concessions which China had previously been forced to grant to western Powers were cancelled in return for the promise to maintain privat property economy in China and for the turn of face in relation to Russia. The League of Nations declared itself willing to assist in the work of national reconstruction. America saw in this turn of events a guarantee for the maintenance of the Open Door and developed a friendly attitude towards China. China gained time to recover her strength and coordinate the discordant interests within the country.

In 1931-33 Japan occupied Manchuria. Since then she has penetrated economically deeper and deeper into northern China. Chinese protests increased in volume correspondingly.Friction between Chinese and Japanese forces became more serious with time,till the exchange of shots at the Marco Polo Bridge,near Peiping, in the summer of 1937 led to the beginning of a new war with Japan which threatens at this moment to become a real world war.

C H I N E S E E C O N O M Y

Agriculture

Chinese society is mainly agricultural. The relative stagnation of that society is a matter of comparatively recent times,for history of China,like that of other countries,is one of change and development.From tribal ownership in the pastoral stage, over a period of ownership of all land by the emperor, to the present mixture of private and public land holding:thru all runs a history of exploitation in different forms.

At a later stage of Chinese society land was distributed to the nobles and feudal lords,but simultaneously out of society itself private property laws

developed with the growth of social complexity.Surplus labor was - and still is - appropriated in the forms of labor rent,rent in kind and in money. The feudal lords and,later on, the State, secured control over necessities such as iron,salt and the irrigation system as a means of taxation,but in doing so they also promoted production and helped to establish its social character.

Chinese culture,admired by the esthetes the world over,was the monopoly of the ruling classes.The common people,the farmers,gardeners,woodmen,herdsmen, weavers,servants and laborers,have always led a wretched life, thus justifying the saying of the philosopher Mencius that "Man lives in difficulties and dies in comfort."

40 % of all usable land is classed as public,either clan land,village land or government land. About half of all other land is worked by "free" peasants,who are exploited by way of taxation.A struggle for the shares of the farmers' surplus labor has long been raging between the State and the landowners,which in part also accounts for China's disunity. In some of the provinces 75 % of the peasants are tenants of absentee landlords, which explains the success of the bolshevik peasant policy in those areas. Small farms are predominant,though not to the absolute exclusion of larger ones. The low degree of industrial development forces the peasants to remain on the land,Only a small minority can migrate,the cities being as yet unable to absorb the agricultural surplus population. After farms have grown to a considerable size they are again split up into small homesteads and divided among the farmers' children.This situation serves in part also to explain the relative stagnation: the low profitability of small farms precludes technological improvements,imposes a barbarous self-sufficiency and hampers the development of farming for the market,a situation which in turn helps to explain the absence of a national consciousness among the farming masses.

Natural difficulties,hard to cope with,such as the frequently recurring droughts and floods, may also serve as an explanantion of the backwardness of Chinese agriculture.More so,however,the social complications and obstacles to a progressive development. The agricultural implements used in China are primitive,the means of transportation extremely bad. The horizon of millions of Chinese is bounded by life in the village.Handicrafts are based on a few village necessities. So far, emigration has been the only way out of a situation which became unberable. This way out,however,is more and more preoluded through

lack of colonizing possibilities,and new miseries are added to those already experienced.The productivity is lower than in other countries. American cotton,for example,sells cheaper than chinese cotton,and is of better quality. The long years of civil war have brought the agricultural population near exhaustion. Exactions of officials have been heavy. Not only are heavy taxes imposed on the people,but their provisions and even their carts,horses and coolies are requisitioned,leaving them without all means of subsistence. As a result of civil war,all state income is wasted on military expenditures,and nothing can be spared for the development of industry.Every time a war breaks out,not only is transportation by land and sea impeded, but damage is done by bandits and by people forced into this position by sheer economic necessity.

After 1927 the National Government attempted a series of rural reforms to relieve the farmers' distress. Several farm banks were established,several thousand credit cooperative societies founded. Attempts are being made to teach the farmers the use of better seeds,improved farm implements and pest-figthing methods. Certain crops, as for instance cotton and tea, are especially fostered. But the existing misery proved too great for the inadequate reform measures. The agrarian problem could not be solved.Irrigation works are falling into ruin.Famine has become a constant phenomenon. Agriculture is no longer able to feed the population. Food for the cities has to be imported. Under the great burden of ground rent,of usury, of taxation,there is no possibility of a change for the better. The North China Herald of January 24,1934 states:" The figures given by the International Famine Relief Commission indicate that the annual income of 76.6 % of the farm families is below $ 201 but that their average expenditures amount to $ 238,32.That means that only 23.4 % of them is able to live without going into debt, and this only in a normal year. High rent, low wage, exorbitant taxes,usurious interest on credit, and unfair exploitation of cereal merchants are responsible for reducing the peasant income to such a deep-sunken level. Rural China is now bankrupt.Millions of farmers have perished.Millions are deprived of their homes,land and all means of subsistence." The only remedy for this situation is capitalization. The old mode of agricultural production,that is, the production for direct use, can no longer feed the population and create the necessary surplus product and set free the necessary labor to industrialize the country.The new mode of production,that is, for the market,must overcome all obstacles still in the way and establish the basis for extensive capitalization of the whole country.

Industry

The prevailing industrial system in China today is essentially that which predominated in most parts of the West till the 19th century. The transition from handicraft methods and small productive units to factory production set in with the opening of Chinese ports to foreign commerce. The first rice cleaning mill was established in Shanghai in 1863, the first silk filature,in 1873, the first coal mine in Kaifing in 1878; the first match factory in Shanghai in 1881, the first cotton spinning and weaving mill in the same city in 1890; the first iron and steel works in Wuchang in 1890; the first oil pressing mill in Newchang in 1895;the first flour mill in Shanghai in 1896.

The industrialization process was slow. But its tempo was hastened during the World War, which shut off the supply of European goods and led to the development of native capitalist enterprises. The pace of industrialization since that time is illustrated by the following figures: Coal output rose from about 13 million tons in 1913 to about 21 million tons in 1920, an increase of 59 %; the iron-ore output from about 959,000 tons in 1913 to 1,865,000 tons in 1920,an increase of 94 %; the iron output from 256,000 tons in 1913 to 428,000 tons in 1920,an increase of 67 %. Taking 1913 as 100, the quantity of filature silk export attained 168 in 1919; that for bean-oil export, 480 in 1919; that for cotton spindles in operation 372 in 1920; and that for tobacco import,140 in 1920. In the trade and transport field,however,the increase during the World War period was not so great as that in mining and manufacture. In foreign trade the quantity of Chinese imports showed an increase of 19%. In transport the length of railways increased from 1913 to 1920 by about 8%.The tonnage of the steamers entered and cleared in the treaty ports during the same period increased by 13%.

After 1920, in mining, the coal output increased from 159 in 1920 to 188 in 1929; iron-ore output increased from 194 in 1920 to 209 in 1928. The iron output,however,decreased from 167 to 122 during this period.For silk filature output,the increase was from 168 in 1919 to 217 in 1929. In foreign trade the quantity index of Chinese exports increased from 119 in 1920 to 166 in 1928,while that of imports increased from 106 to 188.In transportation the greatest increase occurred in shipping: from 114 in 1920 to 171 in 1929. The increase in railways was from 107 to 136.

Among all the Chinese provinces,industrialization in

the modern sense is confined chiefly to six:Kiangsu, Liaoming,Hopei,Kwangtung,Shantung and Hupeh. These six provinces,embracing about one-tenth of the national territory, contain 35% of the total population. Kiangsu is the most industrialized, leading in cotton spinning,silk reling,electric power capacity,whole sale trade,transhet trade,and foreign trade. In it is located Shanghai,the largest city of China (3,100,000 population). Wuhh is the Chinese city with the highest degree of industrialization.Tientsin is the largest industrial and commercial city in northern China. Other important industrial and commercial centers are Canton,in Kwangtung;Tsingtoo,in Shantung;and Hankow,in Hupeh.These example must here suffice to illustrate the relative insignificance of Chinese industry.Such industrialization as exists in these six provinces is very limited in scope and still plays an insignificant role in the total economy,as well ason an international scale. As regards mining,for instance,China produced in 1927 only 0.5 % of the world's iron-ore; 0.03% of the world's copper; 1.6% of the world's coal. The cotton industry in 1930 had only 3.6% of the world's total of spindles, 6.9% of the world's total of power-looms. Of the total silk production that entered world trade in 1925, China supplied 20.4%, while Japan supplied 64.8%. For the year 1929 the per capita foreign trade expressed in gold dollars was only 3.15% for China. At the end of 1924, China had only 0.95% of the world's railway mileage.

China's industrialization faces tremendous difficulties.The basic minerals needed for industry are very scarce.Capital is insufficient, and the whole Chinese situation makes it difficult to obtain large credits. For industrial credits, interest rates are as high as 10%. The capital invested in industry - in the individual enterprises - is relatively small,impeding increase in productivity and hampering the competitive power of Chinese capital. This small capital basis also explains the backwardness of industrial management,which can not be compensated by cheap labor.The productivity of the Chinese worker is low in spite of the extensive exploitation.The hours are long,usually 12 a day,and woman and child labor is general.Entire families have to work, as the family head alone is unable to gain enough for his household.Wages in cotton mills average 15 dollar a month. In Tientsin, 21% of the total labor force are children,and 6% women.In Shanghai,children under 12 years of age account for 8% of the total and women for 60%. Measures for the safeguarding of health and for accident prevention are almost generally lacking. The Manchester Guardian Weekly recently published the results of

some investigations made by Dr.Stamper,of the League of Nations Health Department, regarding the conditions of the Chinese workers in the tin mines of the province of Yunnan.The rich Kochin mines are the property of 700 mineowners. The shares of one company earn an average profit of 66% per annum.(Explained partly by artificial price control).Half of the 50,000 workers in the Yunnan tin mines are under 15 years of age.In wet years (particularly favorable for extraction) the number of workers goes as high as 100,000. In mines ccnsidered to be well eqipped, childrencarry loads of tin weighing as much as 60 lbs. through underground tunels and up a 700 ft.shaft to the surface.Facilities for washing or changing clothes do not exist,though at the pit bottom the temperature frequently mounts to 130 degrees. There are no means of sanitation.The recruitment of the workers is for periods of 10 months. Their parents receive from 10 to 30 dollars in advance, and this virtual serfdom is remunerated at an average wage of 10 cents a day, in some cases as little as 1 cent. A few skilled workers manage to get 40 cents. Estimated mortality is 30 % of the roll annually, and survivers are not expected to live long. The tin-ore at Kochin contains 8 to 10% arsenic oxide.

In a futile attempt to eliminate some of the miseries of the working population the government passed a Factory Law,but its enforcement is hampered by the burning need for profits. The term factory in the Factory Act was furthermore so defined that it affects a comparatively small number of establishments and leaves untouched the thousands of small workshops where the conditions of employment are worst.It is impossible under the prevailing conditions to be humane and at the same time in favor of capitalist industrialization, Capital is created by blood,sweat and tears,not by legislation and good will.

Estimates of the number of factory workers in China range from 500,000 to 1,460,000. About 2,300,000 workers are engaged in mining. Under the Kuomintang rule, since 1927, the trade unions, which once claimed more than 2,000,000 members, have declined to about 576,000 in 1930. In 1928 the minister of Industry,Commerce and Labor completed a survey of the trade union movement,recording the existence at that time of 1,117 unions with a membership of 1,774,000, more than a million of whom were asserted to belong to "provincial labor unions" in Kwangtung.The city of Shanghai,in 1928,had 129 unions with 18,133 members;Tientsin had 76 unions with 21,580 members; Wusih,29 unions with 20,886 members; Hangchow,49 unions with 33,906 members, etc.In 27 principal

cities,741 unions existed with a membership of 576,250.The Kuomintang has stripped the unions of practically all power.Anti-strikes laws are rigirously applied,whereas before the establishment of Chinag Kai-Shek's dictatorship strikes were of frequent occurrence.The unions are based on the principle of the american company unions, their expenses are paid by the employers,and politically they function as an instrument by which the government exercises control over the workers.So that under the rule of the Kuomintang the unions have ceased to be instruments of the workers.

The situation in China has not decisively changed since 1929,either in relation to industrialization or to the position of labor.The world crisis brought stagnation and decline to China as to other countries, and China has also been affected favorably by the revival. But it is impossible to speak of further progress since the world depression of 1929-32.China's further development faces so many difficulties,natural, economic and political,that a decisive change for the better in the near future can not be expected; and therefore social unrest,inflamed by increasing misery, is bound to continue. The situation of the laboring population and the policy of the employing class has been very well expressed in a Memorandum on Agriculture and Industry in China (International Research Report) where R.H.Tawney says:" Whether urban poverty may not be preferable to the life of many villages in China is a matter of opinion. To that of some of them - since one cannot easily do worse than die of hunger- it certainly is; to that of others,it may be suspected that it is not. But the fact that peasants are starving in Shansi or Kansu is not a reason why factory operatives should be sweated in Shanghai or Tientsin. It is difficult to be patient with the casuists who plead in one breath for the industrialization of China on the ground that it will raise the standards of life in agriculture and, in the next,defend low standards in industry on the ground that those prevalent in agriculture are still lower."

(To be continued in the next issue of C.C.)

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"CLASS-WARFARE is a disease which may occur during the process of social progress.....China must seek to solve her economic problems realistically and not be moved by mythical ideals and empty theories.The so-called disparity between rich and poor is really non-existent in China,the only difference being between those who are extremely poor and those who are a little better off." --Says the Manifesto of the 3rd Plenary Session of the Komintang,February,1937.

ONE YEAR " PEOPLE'S FRONT " IN FRANCE

On June 20,1937,the Blum cabinet resigned. It was succeeded by a new "People's Front"government with Camille Chautemp,an exponent of a petit-bourgois party (the Radical Socialists) as premier,with Blum as vice-premier and with the socialist unions and the Communists supporting it. Since then, " the bankruptcy of the French Peoples Front "has been regarded as a definite fact by all left worker groups.There is criticism of the treachery of the Blum,Jouhaux and Thorez,of tactical faults of the three organizations and of the tactic leading to a People's Front as such. However,in question is not the foulty "tactics" of the old mass organizations but the fact that these organizations with all their historically possible tactics are no instruments fit for any radical action toward socialism.

This is the lesson of the one year of Popular Frontism in France.The function of the so-called socialist-reformist mass organizations is in a state of transformation with the transformation of world capitalism. And the "People's Front" (P.F.) policy is one form of achieving this transformation through the medium of the old leadership which adapts itself to the new objective situation.Who still believed in the socialist goal of the reformist organizations will now once more be disillusioned. But the concrete part of the reformist program was reformism and through the latest events in France,it once more becomes evident that the main reforms of the Socialist Party and union programs become a substantial part of the social and economic conditions of the new form of organized capitalism which we see developing all over the world.

It is therefore not the task of revolutionary theory to "unmask" the bureaucracies and actions of the old workers' organizations but to show how the policy they pursue is the logical synthesis of their program and their adaptability,for which they have always been famous.

Let us make a brief account of the achievements of the P.F. government "in the direction of socialism",which took place since June 1936,together with reference to their actual class content.

The policy resolved upon in the P.F. agreement of the Socialist Party (S.P.) and the Communist Party (C.P.) in the summer of 1935 - and in the extraordinary convention at Toulouse which in February 1936 brought about the merger of the CGT (S.P.Unions) and the CGTU (C.P. Unions) resulted in a tremendous increase

in membership and power for all three organizations.

The S.P.,before the P.F. policy,was a small opposition party with some 10,000 members,Today,it has swollen to a giant party of over 200,000.It was augmented by large peasant and petit-bourgeois layers which consent to the social policy of this government party - as the results of the cantonal elections (elections outside of Paris) of 10/11/37 again prove. They also obtained a large number of workers especially of those who were disgusted with the chauvinistic and dubious methods of the C.P. and who therefore prefered the S.P. as the lesser evil.

The CGT numbered before the merger about 600,000, the CGTU -on paper- 300,000.One year later,after 9 months of P.F. government,the united unions claimed 5,000,000 members.(Compare this with the relatively miserable result of the C.I.O. drive in the U.S.)

And the C.P.?When the united front policy was decided upon -in July 1935 - they admitted to a membership of less than 30,000.One year later,after 6 weeks of P.F. government,they claimed more than 180,000.And even though their upswing was halted in the last half year, (because of their too obviously nationalistic and opportunistic attitude,particularly in the spanish question) the above mentioned cantonal elections show that they managed to hold their own.

The significance of this development consists in the strangulation of the possibility of independent mass action.By taking the politically most active workers, peasants and petit-bourgeois in these mass organizations,by making them functionaries,they either become bribed by social and economic advantages or they have to submit to the organizational "discipline".It is extremely interesting to watch that development especially in the S.P. in which(recently changed) the democratic method reigned.

As the usual demagogic means,as,for instance,the playing out of the less conscious members of the country against the vanguard elements in the Paris district, no longer sufficed, a real Blum myth began to ebulate through the party - a myth of the infallible party-leader- the savior of the European peace- criticism of whom,of either the person or his policy,would be sacriligeous.The "authority of the party"becomes an increasingly dominating conception of the ideology of the average S.P. member and of his behavior.

Let us take,for instance,Mr.Pivert,the leader of the so-called "left revolutionary opposition", as an ex-

ponent of the more critical membership of the S.P.: In the spring of this year he yet resigned from his governmental post in the State Radio Board with the words:"No,I will not capitulate before the banks and militarism. No,I don't recognize either the 'Social Peace' or the 'Sacred Union'." And after the June 20, after this "capitulation"-if there was any- became obvious for every member of the party,Mr.Pivert failed to say one earnest word at the Marseille convention against the social contents of the party policy. Besides his oft-repeated expressions of solidarization with his "great Chief" Blum, he only reproached the latter for having given up the power,or rather, that he (Blum) had relinquished it too easily,that he did not appeal to the masses for the continuation of the government.So what? One should have spent a year's effort to disarm and lull the workers and now one should throw away these achievements obtained at such great expense and with the help of the Piverts,Zyromski's and the other Thorez'?

Parallel with the disciplining of the rank and file also the convention of the "leaders" have become increasingly mere plebiscite votings for the government's or the party leader's policy. It is worth mentioning how satisfied the C.P. is with this course of stalinist "democratic centralism".They applauded the abolition of the "Discussion Tribune" in the Populaire and they help the S.P. bosses wherever possible in caluminatingindependence of thought and action of the S.P. rank and file.

The logical end of this development is the "organic unity" of the two parties about which there is today much talking and writing and significantly enough especially in the bourgeois press. The socialist bureaucrats as it appeared at the Marseille Convention fear the higher organizational ability of their future colleagues and they are not very enthusiastic. The Communist are more inclined because their advance as an independent organization seems to be stopped and they promise themselves to profit by the existing discontent of the S.P. membership.Besides the Unity Party is totally a question which the party bureaucracies handle themselves,the party members being faced with accomplished facts.

One of the fundamental conditions of the C.P. is stated to be the recognition of the Soviet Union as the first "Socialist Fatherland" by the S.P.One already sees France as the second socialist Fatherland under the leadership of Blum and Thorez, and -more seriously-the close connection of the Unity Party with the organization of french capitalism for war

(continued on page 43)

THE OLD HEGELIAN DIALECTIC AND THE NEW MATERIALISTIC SCIENCE.

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On the meaning and import of the explanations furnished by Marx and Engels concerning the relation between their new materialistic science and the traditional hegelian dialectic, even among the Marxists themselves there still, today, prevails a large degree of unclarity. Not infrequently we find one and the same Marxist at different times and on different occasions taking a quite different position. "Marx and Engels themselves understood by the dialectical method--in contrast to the metaphysical--nothing other than the scientific method in sociology; a method consisting in this, that society is regarded as a living organism in constant process of development and the study of which requires an objective analysis of the productive relations in which a determinate social formation is embodied and investigation of the laws of its functioning and development."

Such are the definite words in which, for example, the youthful Lenin--who, in his later period, on the question of the hegelian dialectic and its materialistic application at the hands of Marx and Engels, had a much more affirmative attitude--expressed himself on the relation of Marx and Engels to the philosophical dialectic of Hegel, in a recently unearthed pamphlet dating from the year 1894. He has expressly added that the occasionally noticeable adherence in Marx and Engels to the dialectic "represents nothing more than a vestige of that Hegelianism from which scientific socialism has sprung; a vestige of its manner of expression", that the examples occurring in Marx and Engels of "dialectical" processes represent merely a reference to the origin of the doctrine, nothing more, and that it is "senseless to accuse Marxism of employing the hegelian dialectic."

In reality--as I have set forth more fully in the introduction to my new edition of "Capital"--the method employed by Marx in "Capital" stands in a much closer relation, if not to the philosophically mystified hull, certainly to the rational kernel of the dialectical method of the philosopher Hegel. In however strictly empirical fashion the scientific investigator Marx has taken up the full concrete reality of the economico-social and historical circumstances, no less schematically abstract and unreal appear at first glance, to the reader who has not yet passed thru the stringent school of marxian science, those extremely simple concepts: commodity, value, value form, in which the full concrete reality of the whole being and becoming--rise, development and decline--of the whole present-day mode of

production and social order is supposed to be contained in germinal form from the very beginning and actually is so contained, tho for ordinary eyes hardly or not at all recognizable.

This is particularly true of the concept of "value". As is well known, this concept and expression were not invented by Marx; he found them ready to hand in the classical bourgeois economics, especially in Smith and Ricardo. Marx has criticized the concept and applied it in incomparably more realistic manner than did the classical economists to the actually given and developing reality. To a far greater degree even than in Ricardo, precisely in Marx is the actual historico-social reality of those relations which he expresses with this concept an indubitable, palpable fact. "The poor fellow fails to see," writes Marx in a letter dating from 1868 with regard to a critic of his concept of value, "that even if my book contained not a single chapter on value, the analysis I give of the actual relations would contain the proof and the demonstration of the real value relation. The twaddle about the necessity of proving the value concept rests only upon the most complete ignorance both of the matter in question and of the method of science. That any nation which ceases to work, I will not say for a year, but for a few weeks, would die of hunger, is known to every child. He also knows that the masses of products corresponding to the different needs demand different and quantitatively determinate masses of the total social labor. That this necessity for the division of social labor in determinate proportions can absolutely not be done away with by reason of the determinate form of social production, but can only change its manner of appearance is obvious. Natural laws cannot be done away with at all. What can be changed in historically different conditions is only the form in which these laws operate. And the form in which this proportional division of labor operates, in a state of society in which the coherence of social labor asserts itself as private exchange of the individual labor products, is nothing other than the exchange value of those products."

But now compare with that the first three chapters of "Capital" as they present themselves to one who still knows nothing of all these realistic "backgrounds" of the author. Here we have at first, to be sure, a few concepts actually taken up out of the "phenomenal world"; that is, out of the experiential facts of the capitalist mode of production; among others, the quantitative relation appearing in the exchange of various kinds of "use values", or the "exchange value". This accidental exchange relation between use values, which

here still bears a trace of empiricism, is then, however, forthwith replaced by a new something, won thru abstraction from the use values of the commodities and which only appears in this "exchange relation" of the commodities or in their exchange value. It is this "imminent" or inner "value", won thru disregard of the phenomenal world, that then forms the conceptual starting-point for all the succeeding deductions of "Capital".

The very first basic clarification of the connection between "value" and "labor" takes place only upon this concept of "imminent value". It is not until we follow the further course of the investigation that we are led back to "exchange value", now defined as "value form"; and it is not until the reader has worked his way thru Marx's masterly development of the value form of the commodity to the money form that he is permitted, in that resplendent discourse on the "fetishistic character of the commodity", to get a glimpse of the unveiled secret and to learn what in reality is concealed behind "exchange value" and the accompanying "value". He learns that this "value" of the commodity does not, like the body of the commodity and the bodies of the commodity owners, express something physically real, nor, like use value, a mere relation between a present or produced object and a human need, but rather reveals itself as a "relation between persons which is concealed beneath a material casing", a relation which belongs to a determinate historical mode of production and social formation, but to all earlier historical periods, modes of production and social formations was completely unknown in this "materially disguised" form, and for future modes of production and social organizations, no longer resting upon commodity production, will once more become quite superfluous. Like Robinson Crusoe on his island, so also the future free socialist society "will not need to express the simple fact that 100 square yards of cloth have required, say, 1000 hours of labor for their production in the squint-eyed and senseless manner to the effect that they are worth 1000 hours of labor. To be sure, then also society will have to know how much labor each useful object required for its production. It will have to establish the production plan in accordance with the means of production, to which belong in particular also the labor powers. The useful effects of the different use objects, balanced among each other and with respect to the quantities of labor required for this manufacture, will finally be determining for the plan. The producers will manage everything very simply, without the intervention of the much celebrated "value". These statements of Friedrich Engels, formulated later in popular and illuminating manner on the scientific basis of Marx's "Capital", contain the whole secret of value form, of exchange value

and of "value".

Nevertheless it would be over-hasty, merely because of these at first glance superfluous circumstantialities of the dialectical manner of presentation, completely to throw away the whole marxist dialectical method as a mere artifice and, say, as was once done a number of years ago by Trotsky, to bring up the ticklish question as to whether in the end-it would not have been better if "the creator of the theory of surplus value had not been the universally educated doctor of philosophy Marx, but the turner Bebel who, ascetically economical in living and in thinking, with his understanding as sharp as a knife, would have clothed it in a simpler, more popular and more one-sided form?"

The real difference between the dialectical method of "Capital" and the other methods prevailing in economic science down to the present time does not by any means lie, as that question seems to presuppose, exclusively or mainly in the field of the scientific (or artistic) form of the thought development and presentation. The dialectical method employed by Marx is rather also in its <u>contentual</u> outcome most highly in keeping with a science directed not to the maintenance and further development, but to the militant undermining and revolutionary overthrow of the present capitalistic economic and social order. It does not permit the reader of "Capital" to relax for a single moment in contemplation of the directly manifest realities and connections between them, but points everywhere to the inner unrest in everything existing. In short, it reveals itself with respect to all other methods of historical and social investigation extremely superior in the fact that "while supplying a positive understanding of the existing state of things, it furnishes at the same time an understanding of its negation, of its necessary decline; regards every historically developed social form as in fluid movement, as transient; and let nothing overawe it, but is in its very nature critical and revolutionary".

It is precisely upon this stringent method, never deviating from the once chosen basis, and assuming nothing untested in advance from the superficial and prejudice-laden universal "experience", that the whole formal superiority of the marxian science rests. Once this feature is quite struck out of "Capital", one arrives in actuality at the standpoint, quite divested of scientificality, of that "vulgar economics" so bitterly ridiculed by Marx and which, in matters of theory, continually "relies upon appearances as against the law of their manifestation", and practically in the end merely defends the interests of that class which in the momen-

tary directly given reality, as it is, feels safe and satisfied without knowing or caring to know that to this reality there also belongs, as a deeper-lying, harder to grasp but no less real datum, its continuous alteration, rise and development, the decline of its present forms and the transition to future new forms of existence, and the law of all these changes and developments.

All this is not to assert, however, that such real, comprehensive and profound scientific recognition as has resulted for Marx from his genial application of the dialectic taken over from Hegel is possible still today and for all future time only thru an unmodified preservation of this "dialectical" method. By the side of the great advantages which it presents and which have just been indicated, the dialectic reveals, not only in its hegelian "mystified" form (as so-called "idealist dialectic!"), but also equally in its marxistically "rational" transformation (as so-called "materialistically turned-right-side-up dialectic!"),certain other features which are not wholly in harmony with revolutionarily progressive, anti-metaphysical and strictly experimental-scientific main tendencies of marxian investigation. Consider, especially, the peculiar manner in which Marx thruout "Capital", as also in his other works, makes use of the "dialectical" concept of "contradiction"; hence, say, the rather frequently occurring remark that any "contradiction" which turns up in connection with an expounded concept or law or formula--for example, the concept of "variable capital" --in reality is no argument against the use of this concept, but rather is merely an expression of "a contradiction inherent in capitalist production". In very many cases, however, a closer analysis shows--and it has been stated also by Marx himself in connection with this very example of "variable capital"--that the alleged contradiction is in fact non-existent, but is merely made to appear as such by way of a symbolically abbreviated, or for other reasons, unintelligible manner of expression. In those cases, however, where such a simple setting aside of the contradiction is not possible, anyone who objects to this talk of contradiction in a conceptual deductive sequence presenting itself as strictly scientific will have to comfort himself for the moment, with respect to such features of the marxian dialectical method, with Goethe's sentiment regarding similes (already brought to mind by Mehring in his interesting study of Marx's style), which the poet justifies on the ground that he could not otherwise explain himself:

"Gleichnisse duerft ihr nicht verwehren,
Ich wuesste mich sonst nicht zu erklaeren."

In point of fact, the "dialectical" artifice employed by Marx in many important passages of his work, and by which the contrasts between actual social being and the consciousness of its carriers, the relation between a deeper-lying main tendency of an historical development and the counter-tendencies by which it is at first compensated or even over-compensated, and even the actual conflicts of the mutually contending social classes are represented as so many "contradictions"-- that artifice has in all cases the character and the value of a simile, and certainly not of a banal simile but one by which profound relationships are illuminated. Quite the same thing holds of the other (occurring in "Capital" less frequently, but at decisively important places) dialectical concept of the "conversion" of quantity into quality, or of a concept, a thing or a relation into its (dialectical) opposite. The logically and empirically unobjectionable clarification, sharpening and further development of these and a great many other concepts employed in the dialectic to the present time without being thoroly tested and frequently only as slogans is an indispensable condition that the contemporary socialist theory stemming from Marx shall not degenerate to an unclear mixture of backward pseudo-science, mythology and in the last analysis reactionary ideology, but shall remain as well equipped in the future for fulfilling its great progressive task in the revolutionary class struggle of the proletariat as it actually was in the times of Marx and Engels thru forming a critical connection with the then highest achievements of bourgeois philosophy and science.

- Korsch -

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WHAT HAS BECOME OF THE RUSSIAN REVOLUTION? BY M. YVON.

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In the next issue of C.C.:F.Engels " THE MATERIALISTIC INTERPRETATION OF HISTORY "

THE NON-INTERVENTION COMEDY COMES TO AN END IN SPAIN.

At the beginning of August 1937 the "Daily Herald" reported that the Secretary of the London Non-Intervention Committee had sent an appeal to the delegates of the Committee. This appeal did not, as one might assume, refer to the obvious sabotage of the work of the committee by certain countries but to the omission of fulfilling their financial obligations toward the committee. Of the 27 countries that had pledged cooperation and adherence to the Non-Intervention pact no less than 26 failed to pay their financial share. Only Great Britain herself paid the dues.

This is a reflection of the real conditions backstage. England, from the beginning, was the party most interested and concerned in the Non-Intervention Pact and profited mostly by it. If there was serious concern over settling the international conflicts, then there would have been plenty of occasion for the League of Nations to interfere, in accordance with the principles laid down in the spanish conflict as soon as it was known that Italy and Germany sent regular troops to Spain. However, England had no reason to object too violently against this action because she was more concerned with France in this instance. England, "faithful" ally of France, had already indicated by a separate naval treaty with Germany that she was unwilling to tolerate a military hegemony of France over Europe. A France that is menaced from the Pyrenees and threatened in her African possessions will be much more willing to entertain English demands than a France that , protected by the Maginot-Line, would continuously find support in a peaceful republican Spain.

These are contradictions of capitalist economy. The imperialist thieves agree only in one respect: in the common action against "Bolshewism". The situation is cleverly taken advantage of by the fascists who, under hypocritical threats of sanctions, undertake little wars independently.

The reputation of fascism in the capitalistic world can be improved only by these independent actions. On the other hand, the conflicting interests of international capitalism play their role, in relation to the distribution of profits in the capitalistic world. Even the League of Nations cannot be expected to do more than any other cartel; the struggle of competition can be eliminated only on the surface, the economically stronger enterprises still grabbing the largest portions of the total profits.

Where crude force does not attain the goal, intrigue begins. Even the British Empire has sensitive spots where it may be hurt. In the first respect, there is the seaway to India which, passing Gibraltar, leads to the Mediterranian. Today there are mounted, on Spanish territory, opposite the Fort of Gibraltar, German guns of heaviest caliber, the shells from which easily reach not only the port but also the strait of Gibraltar. This "unfriendly" act of Germany is supplemented by the successful attempt of Mussolini to incite the islamitic world to rebellion against England. (Italy also can be blamed partly for the riots in Palestine.)

But, all these circumstances were only secondary in giving the Non-Intervention Comedy the decisive turn which is immediately before us. A development, a so-called "innerpolitical" affair, in a country that was once known as "backbone of the world revolution" had a catastrophous result: the Moscow trials decreased considerably the value of an allied Russia for the world powers. And here in particular the trial against Tuchatschewski effected far-reaching militaristic activities: Japan believes that the moment has arrived when she may continue her attacks on China. England certainly would not mind if Russia is threatened from the East, but unfortunately this implies the possibility of damaging her own interests in India and Australia. And England's rather strong position in Singapore was assured only at a tremendous financial cost. The struggle for the keyposition in the Pacific has begun and even America, whether she wants it or not, will be drawn into the conflict. The real "world war" is just approaching.

The inner dynamic of capitalism, collapsing under its own burden of necessity, influences the political situation. The treaty of the "democratic" powers of the West with Russia was only of temporary importance: a new Locarno four-power-pact (England, France, Italy and Germany) is in formation. The Non-Intervention Comedy has fulfilled its purpose. It was a tragedy that the "socialist" Government in France was forced by circumstances to participate in this comedy. Capitalists know where to attack: if once the currency of a country starts to become unstable then the downfall of a "people's front" is not far away. The stock exchange assumes the function of Government ruling, elects suitable secretaries and disposes of unwanted ones. It would not matter if the People's Front in France sympathizes ideologically with the Valencia Government; the capitalists of the world know what is in the game if fascism in Spain is defeated.

There remains, of course, plenty of rivalry between

different capitalist countries. Mussolini, for example, would be at any time willing to turn against Hitler, no matter how much at present a Rome-Berlin agreement is valued. There would be no real difficulties to find enough capital from one or another nation for investment in Abyssinia which possesses valuable soil for exploitation. Money doesn't smell. In Spain, as well, the question does not resolve itself in the defeat of "Bolshewism", but the main object is the exploitation of mines and especially the acquisition of the mercury monopoly of that country.

The conflict in Spain teaches a serious lesson to the world proletariat: that it is impossible for the workers of one country to do away with their own bourgeoisie. The class front of today embraces the whole world. The decisive battle between international capitalism and international socialism has begun. The masses were aware of this long before the leaders of the socialist movement began to realize it. The volunteers who hurried to the Spanish Front from all countries to help their fellow workers defeat the fascists understood that not only the fate of the spanish working class but that of the world working class as at stake. The working class organizations, however, furthered the Non-Intervention Comedy insofar as they propagated the slogan: Democracy against Fascism. Even to this day these socialists look at England and France as democratic powers. In the "Sozialistische Warte" of Aug. 1, 1937, E. Vandervelde makes a statement in which he gently reproaches the representatives of the democratic countries of the Non-Intervention Committee that "with the approval of their respective governments, they permit the fascists gangsters to lead them by the nose" But, in reality, it is the proletariat that is "led by the nose" if it falls for such hypocritical statements as "the democratic countries tried in vain to fight successfully the fascist gangsters".

The present English Premier N. Chamberlain approaches more frankly the real conditions when he protests against a differentiation between fascistic and democratic countries. He knows quite well that not only the fascists consider a treaty merely a piece of paper when necessity demands, but that this applies to any other capitalist country including England. And if Mussolini declared cynically that when conquering Abyssinia he only followed English colonial policies, he can truthfully point to historical events. In reference to Spain, he also frankly confessed that "in this great struggle which represents two forms of culture and two entirely different world views, fascist Italy could not remain on the neutral side". Slowly but steadily the picture improves in vision.

International capitalism has a very clear conception about the real factors underlying the economic development, and it is not denied that the present "prosperity period" is due to the enormous rearmament projects carried out all over the world. The socialist's newspapers, however, changed their policy. Nothing is mentioned any more about the crisis involving the economic structure of the entire capitalistic system. From their viewpoint everything is to be explained by a "faulty program of capitalist rationalization" which would mean that the change in the "organic composition of capital" was brought about by the deliberate acts of some irresponsible entrepreneurs and not by the economic forces and contradictions inherent in the capitalistic system itself. That such an ideology can express itself at a time when there are millions of unemployed (in spite of the flourishing rearmament industries) is to be explained by the development and failure of the socialist movement of the past years. The tremendous ideological confusion in the socialist camp that followed the collapse of the socialist movement in Germany and Austria, and which was intensified by the recent developments in Russia, is best illustrated by the attitude of socialist leaders in the spanish situation. In the article by E.Vandervelde, mentioned above, he criticises the "system of one-sided neutrality" in Spain and he concludes as follows: "If in any country the socialists, under the influence of certain considerations, would follow the neutrality pact, or would restrict themselves to weak protests of a policy whose fatalconsequences are becoming very conspicuous, then by this very act they would exclude themselves automatically from international socialism."

Correct! And now may we ask what has been done by the socialists of all countries to uncover the swindle of the Non-Intervention-Policy? They precisely restricted themselves to "weak protests" against the neutrality policy of the democratic countries. Apart from the solidarity of those volunteers that went to Spain and the delivery of war material thru Mexico and Russia--which was a business transaction as any other--where was there proof of "international socialist cooperation"? We may quote here the General strike of English Miners in 1926, whose terrible defeat was the result of insufficient international solidarity. Instead of collecting funds and assuring them moral support, the miners and sailors of Germany, France, etc., should have aided their British fellow-workers by refusing to dig and ship coal to England. Instead, they continued working and thus became--whether knowingly or not--strike-breakers. It was lack of international solidarity which brought the British miners down in defeat, and again it is lack of international solidarity which stabs the

Spanish proletariat in the back. If the workers of the world do not realize this very soon, the capitalist non-intervention comedy will have fulfilled its purpose - namely, to turn it into a proletarian non-intervention tragedy.

- Hartwig -

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HITLER'S NATIONAL "SOCIALISM"

A study of official statistics shows the changes in the real income of the German workers since Hitler came to power as follows:

	1932	1936
	(million marks)	
Incomes (wages & salaries)	26,001	34,540
Supplementary incomes:		
Unemployment relief	2,812	865
Rent reductions	200	
Benefits from Social Insurance	3,007	3,360
Decline in savings	200	
Marriage loans		60
Winter aid		200
Reductions in fat prices		100
Total gross income	32,220	39, 125
Deductions:		
Wage tax	781	1,497
Contributions for unemployment relief	205	
Poll tax (increase 1936)		100
Workers contribution to:		
Unemployment insurance	515	750
Other social insurance	1,300	1,656
Contributions to Winter aid		110
Other compulsory contributions		40
Total deductions	2,801	4,153
Total Net Income	29,419	34,972

This net income must be translated into terms of purchasing power, for in 1936 prices were higher than in 1932. The official cost of living index of the Reich Statistical Office is of no use for this purpose. This was admitted in Nov. 1935, even by the Institut fur Konjunkturforschung in its half yearly report. Commodities are both dearer and poorer in quality. Taking everything into account, it is certainly no exaggeration to say, so far as the bulk of the workers is con-

cerned, at least 125 Marks must be spent in 1936 to get anything like what could be obtained in 1932 for 100 Marks. To allow for this in calculating the change in the purchasing power of the net income of the German workers, we must make a deduction of 20 per cent in the figure for 1936, which reduces this to 28,000 million marks as compared with 29,400 million marks in 1932. So that the purchasing power of the workers has thus not increased by 33 per cent as the Nazis claim, but has decreased by 5 per cent. This in spite of an increase in the employment figures by 35 per cent, and in spite of an increase in the total industrial working hours of 84 per cent.

That is what Fascism means to the workers. For the ruling class, it has been a brilliant stroke of business. The employers have gotten about 14,000 million working hours for nothing.

- H. S. -

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B O O K S A N D P A M P H L E T S

AFTER THE REVOLUTION - Economic Reconstruction in Spain Today. By D.A.Santillan. Greenberg Publishers. 127 pp. $1.25

To Santillan, one of Spain's prominent anarchists, there are three practicable schools of economy: 1-private capitalism; 2-state capitalism; 3-socialized economy or communism. He rejects the first two and chooses the third "not only because it is more just, but because it is the only means of overcoming the monstrous contradiction of competitive production based on profit" (p.79). To make such an economy possible, all power must rest in the hands of the workers since "no one knows better than the workers themselves the capacity of each one in a determined establishment" (50). As the best and most democratic form of representation, he proposes the council system which is to be organized as follows: in each establishment the workers would appoint an administrative and technical council; these councils would form a syndicate and the syndicates would be coordinated in the council of the industry branch. In this way all establishments would proceed from the simple to the complex; from the factory council to the syndicate; from the syndicate to the branch council; from the branch council to the local federation; and from the latter to the regional and ultimately to the national council. (52).

According to this plan, production and management will be organized from the bottom up. It will be noted, however, that the syndicates (unions) continue to function and the position assigned to them by Santillan is a very important one inasmuch as they should act as mediators between the factory councils and the branch, regional and national councils. "The workers, administrators, and technicians of each shop or factory would be guided and coordinated by the function of the syndicates" (57); which means, in simple and direct language, that the syndicates have the last word. Regardless of what the workers in any given factory might want or propose, the syndicate, as the guide, will determine the course. Even if we go so far as to admit that during the first phase of the revolution many workers might remain indifferent to the needs of the revolution and thus unduly stress production and consumption resources, we maintain that the dual power exercised by the syndicates constitutes a grave danger towards the development of real communism, the society of free and equal producers. It must be borne in mind that syndicates, including the anarchist CNT,

are pre-revolutionary organizations which were organized principally to wrest concessions from the capitalist class. In order to do this most efficiently, a staff of organizers, an apparatus, was necessary. This staff became the new bureaucracy, its members the leaders and guides of the workers. (Though the CNT did not pay high salaries and changed the personnel rather frequently, it could not eliminate the apparatus as such which, in spite of counter-arguments, permitted the development of a bureaucracy.) This bureaucracy,-whether it consists of good or bad leaders,is of no concern,-Santillan wishes to keep intact and expects from it "guidance" in the workers' attempt to reorganize society along communistic lines. To us, this form of dual power, at the best, will lead to state capitalism, the very thing which Santillan so vehemently decries in his articles dealing with Soviet Russia's economy. In Russia it is one party which exercises the power; in Santillan's anarchist Spain the syndicates will do it; the result is the same.

Santillan's program has striking similarities with the post-war German factory council system. There, too, the workers were permitted to elect councils and voice their demands and grievances; there, too, the unions acted as guides and advisors, and in such efficient manner that not only the bosses but also the workers themselves soon laughed it out of existence. We recognize, of course, the difference between the type of organizations and the situation the anarchists might find after "their" revolution, and yet, we consider our parallel quite fitting. We do not ask, "Who are the organizations that head the workers?" We insist on knowing "who is actually in control over the means of production", and upon this answer we base our analysis as to the character of the revolution.

In Spain, as elsewhere, the task of the revolutionary forces is not to consolidate the power of any party or syndicate, but to curtail and, if possible, abolish it at once so that the revolution may live, that revolution which aims to abolish the existing capitalistic relationship - wage slavery. Dual power breeds unrest, disintegration, favoritism, exploitation. To avoid it, all power must rest in the workers' councils. They alone are capable of reorganizing society without, and even against, the educated guides. The councils will need technicians and statisticians, to be sure; but these will have no executive power. They will merely carry out the orders of the workers, be it a plan for a new factory or the compilation of data assembled by factory councils. In Santillan's plan, however, technicians and statisticians shall determine the required volume of production that is needed to give to each worker so and so much of this or that commodity. In

reality this would mean almost unlimited power over the mass of consumption goods on the part of the statisticians against which the workers have practically no means of opposition. The result would be the renewal of the class struggle, the syndicates and their statisticians playing the role of the former capitalist exploiters. But this plan is also impracticable from the viewpoint of a planned economy inasmuch as the market will function as the regulator of supply and demand much the same as under capitalism where this phenomenon leads to competition, shortage of profits, and finally, crises.

THE CRISIS AND DECLINE OF CAPITALISM. Published by International Council Correspondence, P.O.Box 5343, Chicago, Ill. 28 pp. 10 cents.

This pamphlet should be read by all workers interested in Marxian economics. It outlines the principles of Capital, the theory of value and surplus value, the consequences of the accumulation process based on value production, and illustrates these postulates from the history and the present status of American capitalism. Mainly, the pamphlet deals with Henryk Grossmann's exposition of Marx theory of Crisis and Collapse, published in 1929 in Germany. As this book is unfortunately not yet available in English, the pamphlet becomes a necessity for those workers interested in the advance of economic thought among Marxists. The theory of over-accumulation, by which all existing under-consumption theories in vogue in the labor movement are shown up as ill-conceived Marxism, revolutionizes not only the theoretical, but also the practical, problems of the class struggle. The development of crises, the forces which overcome depressions, the tendencies stalling off the collapse of capitalism and also their historical character, which make for the permanent crisis of capitalism, are explained in a manner as simple as possible. Consideration is also given to the present "boom" and its limitations.

As the edition is limited, it will be wise to order a copy at once.

ECONOMIC WELFARE by Oscar Newfang. A Plan For Economic Security For Every Family. 187 pp. $1.50 Barnes & Noble, Inc. New York.

In a brief and well written exposition of the mechanism of the present economic system, Oscar Newfang presents laissez-faire as the cause of all existing social misery.

In this system the masses become more and more impoverished, the rich concentrate more and more of the Social Wealth in their hands. This situation is reflected in all phases of social and economic life and brings about crises and depressions; that is, situations in which commodities cannot be sold because of the insufficient purchasing power of the masses. Newfang's argumentation quite often sounds as if presented by a socialist, though he favors a "middle course between extreme laissez faire and the extreme regimentation of fascism or communism", and proposes a system which he calls "Economic Government". No longer shall economics and morals be divorced. He conceives a plan by which to bring security to every family without abolishing the classes. Economy is to be regulated by governmental control. This economic government would promote thruout the country the free and clear possession of farms and homes. The wage system would be replaced by a partnership system which would eliminate unemployment and the class struggle. After these basic demands, Newfang outlines the consequences of the proposed fundamental changes of the system in all spheres of industrial and social life, on the basis of a National Economy as well as from the point of view of world capitalism. His plan is based on the assumption that capitalism can be regulated, organized and planned. There is no need on our part for a theoretical refutation of this book, as we have already tried often enough to show that a planned capitalism is an impossibility. In practical life there is nothing which would lend support to Newfang's utopian ideas. His "partnership" system is, furthermore, only another name for a somewhat modified wage system; it does not preclude exploitation. Newfang does not say in what way, by what means, his plan could be realized, and that, in our opinion, is just as well. A middle class mind is trying to find a solution for society which favors the middle class. But history is destined to be made by the proletariat which cannot regulate, but only abolish, the capitalist system of production.

AN OUTLINE OF FINANCE. By Arthur Woodburn.-The N.C.L.C.Publishing Society, 15 South Hill Park Gardens, London, N.W.3. 181 pp. 2/6.

This text book throws light on what, to the average man, are the "mysteries" of finance. It deals in simple language with the gold standard, banking, trustification, the creation of credit, the financing of a company, the Stock Exchange, inflation, balance sheets, local government finance, national finance, etc. The book begins with the origin of the existing social

system and ends with a sketch of the economic future of society. Socialism to the author is what it was for Lenin, "nothing but the next step forward from state capitalist monopoly....nothing but state capitalist monopoly made to benefit the whole people". And so it is clear to Woodburn "that socialists will require to have control of social administration for some time before the point defined as socialism can be reached. Otherwise, socialism would be established by non-socialists--an extremely improbable supposition." An "extremely improbable supposition" for the social democrat Woodburn. To him, "labor's first duty in the realm of finance is to obtain the power of directing the wealth in desirable directions instead of undesirable, e.g. to house building rather than to gambling institutions; to education rather than to war preparations". "To suggest", he says in a footnote, "that nationalization of the banks, etc., means that the socialists in power are going to appropriate the depositor's money is as ridiculous as to suggest that to municipalize the reservoirs means that the councilors will drink all the water. The simple fact is that instead of the flow of investments being, as at present, directed by irresponsible stock exchange speculators, they would be under the guidance of public experts acting according to the principles of public policy."

To Woodburn, the "control of capital means control of capitalism. With the nationalization of investments, insurance and banks, the great bulk of the available capital would be under the direction of the government, and it would then be possible to guide its investment in the direction of building up a socialist economy". So that to Woodburn it is not the abolition of capital-relations, but the control of capital that means socialism. Governmental control of capital means, for the workers, that they will then be controlled by the government instead of by the individual capitalists. Control of capital always means also control of the workers. What Woodburn is aiming at is not socialism at all, but state capitalism. And for his new system of exploitation, he naturally needs the carrying over of the "mysteries" of finance into the new society. But apart from his bureaucratic illusions about socialism, his description of the financial mechanism of capitalism makes worth-while reading for the critical worker.

SOCIAL SECURITY, by Abraham Epstein. League for Industrial Democracy, 112 E. 19th St., New York City. 38 pp. 10 cents.

Epstein sets forth in this booklet, written from a

capitalist-liberal point of view, the necessity for an extensive program of social security similar to those which have been in effect for almost 50 years in some European countries. To him the aim of social insurance is "the establishment of a minimum level of economic sustenance below which no one should fall during such emergencies as unemployment, sickness, invalidity and old age". He explains the existing Social Security Act and subjects it to some criticism. "The basis of the Act must be changed from a private insurance scheme to a socially and economically constructive social insurance program. The Social Security Act must be amended so that it will enhance national security thru a better balance in the national economy achieved by increasing mass purchasing power thru progressive taxation". Obviously, his whole argument is based on a consistent ignorance of fundamental problems of capitalism. He never inquires whether all his proposals are objectively possible, or whether, if carried thru, they would actually mean an easing of the lives of the poor. The quest for social security is so much nonsense. Laws enacted for this purpose can only prove the absence of all security. What Epstein is really concerned with, even though he may not know it, is the organizing of the existing and growing misery to safeguard the present social system which he mistakenly thinks capable of balancing the national economy. The social reformer steps in where the clubs of the police prove inadequate. For demonstration of this fact, and also for the information contained, this pamphlet may be recommended.

INDUSTRIAL UNIONISM IN THE AMERICAN LABOR MOVEMENT.
by Theresa Wolfson and Abraham Weiss. League For Industrial Democracy. 52 pp. 15 cents.

This pamphlet, though written by people to whom labor problems and organizations are a phase of bourgeois sociology, nevertheless makes worthwhile reading. The authors think themselves very progressive for fostering the C.I.O. movement; but in order to arrive at this point of view, they sketch the whole development of trade unionism in America in such an efficient manner that their pamphlet should be in the hands of all workers. Considering its size, we feel justified in stating that it is probably the best exposition of the development of the trade unions published of late. It starts with the earliest attempts at organization, describes the rise and decline of the Knights of Labor, the attempts of the I.W.W. at industrial unionization, explaining the success and the shortcomings of the A.F. of L. and suggests also the economic reasons which led to the present C.I.O. movement.

THE LABOR SPY. by Gordon Hopkins. Social Action. 32 pp. 10 cents.

This study is largely based upon the evidence presented before a subcommittee of the Senate Committee on Education and Labor headed by Senator R.M.LaFollette,Jr. While still other sources were records of the cases of the National Labor Relations Board. It deals with industrial espionage, tells how spies are obtained, how they work, by whom they are used, and then recommends some silly legislative remedies,---which reminds us of the much touted Anti-Lynching Law which was supposed to work in the interests of the unfortunate. Here it is in practice: "Penitentiary sentences are being imposed, under the Virginia Anti-lynching Law, on strikers convicted of taking part in a melee at the gate of the Industrial Rayon Corporation's mill at Cowington on July 7th. Union men tried to prevent non-union men from returning to work. Two automobiles were overturned but no one was seriously injured. Instead of preferring assault and battery charges against the strikers, warrants were sworn out under the Anti-Lynching Law, passed in 1928. The three strikers thus far convicted, members of the C.I.O.-textile union, have received terms from two to four years from a jury brought from neighboring Highland County. Attorneys believe that if a single conviction of this sort is permitted to stand,the organized labor movement in Virginia will be virtually destroyed." (New York Times, Aug. 15, 1937) All progressive legislation under capitalism actually furthers capitalist progress which sometimes consists in nothing more than putting workers behind bars. Legislative action against the Labor Spy will be taken when the latter is replaced by something better.

JOHN L. LEWIS EXPOSED! by Eric Hass. New York Labor News Co., P.O.Box 1076, City Hall Station. 69pp. 10¢

This pamphlet published by the Socialist Labor Party will make very good reading for workers. To understand the C.I.O. it is also necessary to be informed in regards to its leadership. The dirty history of John L. Lewis in the trade-union movement might somewhat dampen the unjustified enthusiasm which many workers feel for the C.I.O. Although the pamphlet is written in the spirit of competition--that is, the authors see in the C.I.O. a fake industrial unionism and in their own unionization plans the only salvation for the workers, and oppose the rotten leader of the C.I.O. with their own excellent leaders--the material assembled in this pamphlet should,nevertheless, be brought to the workers' attention. The Socialist Labor Party's position on the question of

organization precludes on its part an understanding of the forces which bring about and again destroy unions, whether based on trades or industries. These people cannot recognize the forces which transform labor leaders into fakers, and so they have nothing of real importance to say against the C.I.O. But their pamphlet serves one purpose quite well: that of showing up the lousy character of the fathead by whom the C.I.O. is ruled.

THE SOVIETS, by Albert Rhys Williams. Harcourt, Brace & Co.-383 Madison Ave., New York City. 554pp. $3.00

Sometimes a lack of understanding appears as an objective attitude. Works written with such a "detachment from personal interestedness" are almost always very dull. Williams' book, pro-bolshevik not because he wants to be subjective, but because he does not know any better, proved to be hard reading to this reviewer. Once more Williams restates what was already set forth in so many volumes and by so many people: namely, that there is progress in Russia. And this progress is shown in all phases of social life with the exception of one, the brutal exploitation of the mass of the workers and the consequent political dictatorship over the workers. Williams really does not know what constitutes capitalism, so he cannot be blamed for not knowing what sort of society exists in Russia. He likes it, for he is not one of the russian wage workers. One of his reviewers has said that this book, on account of its information, may well serve as a useful college course. We must agree it is perfect for such purposes in capitalist colleges. "His system of questions and answers," says the congenitally superficial Duranty, "is the easiest and the best manner of informing the American public about the russian scene." Surely the "public" should always be served with questions and answers simultaneously. In this way all unwarranted questions are avoided and life becomes much easier. For those people who, like the religious fanatics, can spend a life time in rereading again and again what they already know, this book might be recommended.

THE LETTERS OF LENIN, Translated (and often very badly) by Elizabeth Hill and Doris Mundie. Chapman & Hall, London.--Harcourt, Brace & Co., New York. 495 pp. $4.00

These letters, chronologically arranged, consist of both personal and political correspondence. There are letters to his mother, wife, sisters, brother and others, from prison, from Siberia and from abroad. The

political letters cover the whole period from 1895 until his death. Most of the letters are of no real interest either to the revolutionary worker or to the student of Marxism. They might be of interest to the psychologists and those people interested in the human side of the "more-than-human" leader. Those who worship personalities will discover again in the insignificance of most of the letters the grandiose simplicity of the genius. A few of the letters, however, are very illuminating with regard to the psychology of the professional revolutionist, and also with regards to the character of Bolshevism. It seems in reading these letters, that Lenin was always struggling for supremacy and for domination within his organization and the labor movement. All other aspiring personalities are constantly attacked, belittled or ridiculed. There does not seem to be one who could please Lenin, though there are also exceptions, for he praises a man very much who proved later to be a stool pigeon....

On Oct.31,1914, Lenin writes: "The Second International is definitely dead. The opportunists have killed it, (and not "Parliamentarization", as that clumsy Pannekoek called it)". As if opportunism were a mental sickness,as if it could be divorced from the objective possibility of being opportunist which was provided by the organization of the Second International, whose existence and importance was in turn largely dependent on Parliamentarism. But Lenin's opponents from the right were not much better treated than those from the left. On Dec. 3, 1904, he says that Trotsky's pamphlet, "Our Political Tasks" is as rotten as himself. And even as late as Feb.17,1917, he cries out: "What a swine that Trotsky is". But all this was forgotten as soon as Trotsky subordinated himself under the genius, because after all, Lenin controlled the party machine, and this control he would never give up.

In the autumn of 1920, in a note to A.J.Elizarova, he states: "The basic principle of Government in the spirit of all the decisions of the Russian Communist Party and the Central Soviet institutions is that a definite person is wholly responsible for conducting a definite piece of work. I have been conducting the work and I am responsible. A certain person is in my way, since he is not responsible and is not in control. That is confusion! That is chaos! It is the interference of a person <u>unsuitable</u> for responsible work,and I demand his <u>removal</u>".

This principle of Government precludes a real Soviet rule. Thus also in a letter to the National Commissars (Aug.29,1918) he states: "It is essential that in the reports, which ought to be as popular as possible, the

following points should be quoted:...the participation of workers in the Government, (the outstanding individual workers and workers' organizations, etc.,)..." So that what he has in view is not a workers' Government, but merely their participation in the Government, just as all capitalist governments find it to their advantage to have labor representations. How, in case of the existence of workers' rule could the following order of Lenin be issued, directed to the members of the Council of Defense and dated Feb.1,1920: "The railway transport position is catastrophic. Bread transport to Moscow has ceased. Special measures are essential to save the situation. The following measures should be passed: decrease the individual bread rations for those workers who are not transport workers. Let thousands perish, but the country must be saved." But not only the country, also its elite has to be saved. In April of the same year, a very sensitive Lenin, like a real "father of his people", after the latter have successfully perished for the country, writes to his lickspittel, Adoratsky: "I have passed it on to Comrade Hodorovsky asking him to help you with regard to rations, fuel, etc. Has anything been done to help you in the way of rations? Fuel? Is there anything else you need?" No doubt, also here, Stalin is the best disciple of Lenin, by introducing incomes ranging from 100 to 20,000 rubles.

THE WEB OF THOUGHT AND ACTION, by H. Levy.-Watts & Co., London, 5 and 6 Johnson's Court. Fleet St. E.C.4. 238 pp. 2/6 net.

Professor Levy's book, the second volume in the Library of Science and Culture, explores the social and philosophical meaning of scientific advance. The book is extremely well written and its manner of presentation interesting. Experts from a variety of different fields are cross examined in order to find out what they have contributed in their field of study and activity to the order and chaos of modern civilization. And this in order to "unearth a philosophy of life--a philosophy that will lead, if successful, to an understanding of the way in which the world about us behaves and of our conduct in relation to it; and it must fit the one into the other as a united picture". Interviewing the "man on the street", a scientific engineer, a politician, an economist, a representative of religion, a language expert, a social historian, a biologist, a psychologist, and a physicist, Professor Levy assembles a wealth of facts and ideas relating to nature and society which establishes the Web of Thought and Action responsible for the present social misery, but also for the recognition of the necessity for conscious control, "which means

predicting the next higher level of social life, and working consciously for it. That means studying history as a science, and it means emerging from the study and entering the social laboratory where politics is practiced and history is made". Although Professor Levy's approach to social change is still bound up with the traditional position that only theory and insight permit successful action, nevertheless his exposition of the many existing ideas, including his own, is quite illuminating and well worth recommending to readers interested in Marxian thought.

EARL BROWDER, COMMUNIST OR TOOL OF WALL STREET.
(Stalin, Trotsky or Lenin) by George Marlen.
P.O.Box 67, Station D, N. Y. $1.00

Marlen's book forces the reviewer to contradictory statements. On the one hand the documentary evidence of the treacherous role of the Comintern and sundry split-off groups is startling, convincing and deserves to be read. On the other hand, the author's theoretical weakness is equally startling and makes for painful reading. The introduction itself, telling of his personal struggle with the Party bureaucracy concerning his novel, "The Road", creates the impression that the present book is mainly his personal revenge for having been shoved aside. Only after all his attempts to further his own personal aims had proven futile did he break with the CP, and that was as late as 1933--after six years of bickering. Of course, we realize that very often only personal experiences open people's eyes, but in this case we have to do with an intellectual who purports to be an independent thinker on political matters. Still, aside from this part of Marlen's book, there remain many pages interesting enough to be read and to be remembered. Especially the quotations from literally hundreds of papers and magazines should prove a useful weapon against the comintern as well as the Trotskyites and other dissenters. But wherever he attempts to answer burning questions of the present labor movement, he reveals an ignorance or a defective sense of reality, which leaves one dumbfounded.

FROM LENIN TO STALIN, by Victor Serge.-Pioneer Publishers, 100 Fifth Ave., New York City. 112pp. 50¢

Far from agreeing with Serge on any of the points he raises and answers in this pamphlet, nevertheless we sincerely wish that all workers would read this booklet. Especially his comrades of the Trotsky movement should read it carefully and again. Then he himself should spend some time in contemplation of what he has

written. For Serge here describes a fascistic system just as crude as Hitler's, and just as dangerous for the working class. If he is convinced of what he says, then he must be insane in maintaining farther on with his "Old Man" Trotsky, that Russia is still a Workers' State worthy of being defended by the international working class.

Serge is still a Leninist; that is, an unsuccessful Stalinist, and for this reason he is incapable of describing the period from Lenin to Stalin from a historical materialistic point of view. He sees the whole development largely as the product of bad men, as the result of their wrong ideas, especially Stalin's, or due to a lack of ideas, such as are sacred to Serge. The pamphlet contains nothing which would make clear to workers why Lenin's theories and the Russian scene should lead to Stalinism. The prevailing opinion here is that another policy, probably that of the "Old Man", might have changed conditions in Russia considerably.

History is not looked upon as a product of class struggles, but as if made by the competitive quarrels of organizations and leaders. The individual Lenin is responsible for the success, the individual Stalin responsible for the betrayal of the revolution. But apart from this bourgeois attitude of Serge's towards the Russian revolution, his account of the first years of the revolution and the Third International, as well as of Stalin's period, brings out so many interesting facts throwing light on the whole development, that this pamphlet should be read. We have no interest at this time in presenting a theoretical refutation of Serge's views. We have dealt with Leninism quite often and will deal with it again. But one thing more we must say: the pamphlet is excellently written and will disappoint no one.

Leon Trotsky, The Stalin School of Falsification.
Pioneer Publishers. 336pp. $2.50

This is the second volume of the selected works of Trotsky, which are being brought out by International Publishers. The first volume, "The 3d International after Lenin", contained Trotsky's criticism of the draft program of th C.I. and a statement of his position on the chinese revolution. In this second volume, Trotsky demonstrates how the new school of soviet historians has distorted the history of the Russian Revolution. The idea behind this falsification was not only to eliminate Trotsky's name from that history, but also to undermine the very basis of the revolution. Anyone interested in these quarrels between the bolshevik factions will find the book attractive. We have found it a deadly bore.

L.C.R.James, World Revolution 1917-1936:The Rise and Fall of the Communist International. Pioneer Publishers. 429 pp. $ 3.50.

This elaborate statement of the trotskyite position is distinguished from other such works in the fact that here the bourgeois ideology underlying the whole of bolshevist thought comes more clearly to light than ever before. It is essentially no more than an idealization of Lenin, of the same sickening sort as the idealization of Stalin in the ranks of the party faithful. History is seen by James,tho somewhat apologetically, as a struggle between principles incorporated in two individuals.Books like this show clearly that the bolshevik movement is related to the workers only in the same sense as is the bourgeoisie: the workers are to be used for the needs of the Party, as they are now used for the profit requirements of capital. Apart from this ,all the slogans of the Trotsky movement turn up again; the book contains not a single new thought.The whole work is characterized by such nonsensical statements as the following:"Unless a new International is created,the U.S.S.R. as a workers' state is doomed". In other words,the Russians have to be saved against their own will;for so far,they have killed off their would-be saviors. But the fatherland must be defended,even if this very same fatherland represents only another sort of fascism. Occasionally,however,a doubt creeps into James's mind as to the quality of Lenin's organizational principles.The centralism exercised in the bolshevik party was good for the workers, he says,only because Lenin was such a good revolutionist, while with a Stalin at the head it becomes bad. So that the whole history of the labor movement,which in James's opinion depends on the existence of a party,is now in reality seen to depend on the qualities of the leader(not even leaders,but leader). And this book is dedicated to a "marxist" group !

Many attacks launched in this book upon the stalinist regime are justifiable only on the assumption that the author is ignorant of the pre-Stalin policy of the Communist International. That Stalinism is partly also the product of the Lenin-Trotsky era in Russia,James can not admit, for that would mean to abandon his bourgeois approach to history. Whatever James says about the pre-Stalin period of the C.I. is simply wrong. He speaks,for instance, of the "anarchist tendencies " of the (german) Spartakists, which frightened the then existing workers' councils and precluded an alliance between them and the Spartakists. Leaving the objective conditions to one side,we may say that it was not the anarchistic but the social-democratic tendencies among

the Spartakists which precluded a more revolutionary and consistent policy on the part of this organization. The little success of the Spartacus League might be attributed to a lack of what James calls anarchist tendencies. The early failures of the C.I. are just as closely connected with Lenin and Trotsky as the later failures with Stalin's administration. "The Socialists, in 1918," James says," were afraid of starting socialism with a ruined economy." They must already, then, have been Trotskyites, because Trotsky said in 1923: "It is not at all in our interest (the interest of the C.I.) to have the revolution break out in a Europe which is bled and exhausted and to have the proletariat receive from the hands of the bourgeoisie nothing but ruins."

Farther on, in speaking of the Kapp Putsch, James says: "The german C.P. put itself at the head of the fighting"; but he does not say that this was done only in support of the democratic regime against the reactionaries, and that after the defeat of Kapp the C.P. helped to disarm the workers and to deliver them over to the capitalists. James goes on to blame the C.P. for its aggressive tactic in Central Germany in 1921; but the fact is that the C.P. was not aggressive at all, but sabotaged the whole struggle. Brandler, then in power, explained the uprising as the work of the Communist Labor Party (K.A.P.D.), for which the C.P. was not responsible. For this service, he became an honorary member of the C.I., to the delight of Lenin and Trotsky. The K.A.P.D. was, in James's opinion, "infested with syndicalist tendencies and did not consolidate itself". The truth is that the K.A.P.D. was always an outspokenly marxist organization; it existed down to 1933, and still plays its part in the illegal german movement. But funniest of all, James actually writes: " If Brandler had met in Moscow, not Stalin...but Lenin, there would have been a revolution in Germany in 1923." How simple world history really is ! James's new Song of Lenin provides material for a few good laughs, but otherwise it is devoid of all value.

THE NATIONAL DEBT AND GOVERNMENT CREDIT. Twentieth Century Fund. 330 W. 42d St. New York, 1937. 169pp. $1.75.

Since 1930, the gross debt of the United States Government has more than doubled, climbing from about 16 to more than 36 billions. This was brought about by way of a policy of financing deficits. The authors of this admirably written volume believe that the increase of indebtedness has not yet undermined government credit. They point out that in most of the european countries the debt burden is relatively heavier. But if the size of the debt is not as yet a cause for

concern to capitalist society, the trend of the development certainly is. The budget must eventually be balanced, unless there is to be inflation. Besides a balanced budget, the authors recommend a debt reduction of one billion yearly. To this recommendation a reviewer in the New York Times has properly answered: "The problem today is not what to do but how to do it." The authors have no real answer to this question. For it is one of the contradictions of capitalism that its government expenditures rise continuously, in spite of the more and more urgent need for cutting down on the part of surplus value floating to the government. The tool of capitalism becomes too heavy for capital.Anyhow, the book may be recommended to workers interested in the difficulties of present-day capitalism.

UNEMPLOYMENT and ACCUMULATION

(David Weintraub in TECHNOLOGICAL TRENDS AND NATIONAL POLICY; including the Social Implications of new Inventions.Report of the Subcommittee on Technology to the Natioanl Resources Committee.Washington:1937. $1.00)

"The problem of "technological unemployment" is essentially twofold:One,the expansion of total production sufficiently to overcome the effect on unemployment of declining labor requirements and increasing labor supply; and two,adjustment of the individual employment dislocations,which accompany technological progress. The growth in total output from 1920 to 1929 was not sufficient,in the light of the increased productivity and the growth of the labor supply,to absorb all the available manpower; the result was a substantial volume of unemployment during this entire period. The data examined indicate that....we must look to a much more rapid expansion of production than has taken place between 1933 and 1935 before we can expect a return either to the employment or to the unemployment levels of the predepression period. A rough calculation indicates that,in order for unemployment to drop to the 1929 level by 1937,goods and services produced would have to reach a point 20 per cent higher than that in 1929, even if the productivity level of 1935 remained unchanged. Further technological advance in industries would necessitate an even greater expansion of production to restore predepression unemployment levels,while a continued relative growth of service activities would tend to minimize the volume of expansion required.The outlook for the immediate future seems to be in the direction of further technological progress...., it may be expected that the dislocations occasioned by technological progress will continue to present serious problems of industrial, economic,and social readjustment. "

ONE YEAR "PEOPLE'S FRONT" IN FRANCE

(continued from page 15)

becomes apparent.

What was the social content of this development, the organizational form of which we referred to ? When Blum-Faure supported by Jouhaux-Thorez took over the government we witnessed the most powerful strike wave which the French labor movement had seen in 30 years; and there is no doubt that the assumption of power by "their" government was one of the most encouraging factors in these mass actions,outside of the fact that the social conditions in France, were more backward than in any of the industrially high developed European countries and that the economic upswing had here also already begun.

Statistics of the strikes for 1936 show the character of the sudden swelling of the strike wave better than any words.

Statistics of the Strikes in 1936

Months	Number of Strikes		Number of Strikers
Jan.	51		8.731
Feb.	41		9.142
March	39		12.127
Apr.	32		12.784
May	65		13.727
June	12.142	(8.941) #)	1.830.938
July	1.751	(839)	181.471
Aug.	548	(199)	56.861
Sept.	699	(310)	123.592
Oct.	540	(54)	21.767
Nov.	347	(54)	10.603
Dec.	269	(85)	24.868

#) In () the number of Strikes with occupation of the factory as fighting form.

The leaders of the P.F. parties were bewildered by this effect of their "appeal to the masses"."The movement sprang up and developed without our exact knowledge of how or wherefrom" said Jouhaux in his speech to the National Confederal Committee on 6/16/ 1936.But at that time he and his colleagues,the ministers of the People's Front, again had the reign in their hands,At that time the agreement at Matignon was already signed. In face of an uncomtrolled mass movement and of form of mass action until then unknown in France,the leaders of the workers' parties and of the unions together with the leaders of the General Employers Organization recognized their common interest in view of a common danger. As result of their cooperative intensive thinking -and they are accusto-

med to logical thinking in such situations- they subscribed to the Matignon agreement on June 7,1936. This agreement is a blanket code,the rules of which the employers obligate themselves to make a part of the singular collective contracts. They promised to grant some concessions to French labor,most of which had already been obtained in the more developed industrial countries. After they saw that the German bourgeoisie could manage quite well with paid vacations,that the 40 hour week did not dispossess american capital,why not deliver these concessions to the French workers through the intermediaries of there union bosses whom they could trust to switch the locomotive of mass activity off the rails of social revolution. And the trust honored them.

With the prelude "the dignity of the worker is now recognized" Jouhaux explained the "glorious social victory" of the agreement to the masses, and he succeded with the help of the legislative machine of his P.F. colleagues,to return the workers to their jobs!

Besides some gains in the field of social security (new regulations of apprenticeship, advancing the age for compulsory education,lowering the age for pensions of the state employees,and so forth) the social achievements of this legislation can be divided in two parts: the 40 hour week law without lessening of wages and the paid vacations,which were actual advantages for the workers. (The will,however, only be put into practice in the big industries, and only for a relatively small part of French labor, as ,for instance, the strike of the Hotel Employees in this summer has shown).But the decisive part of the social legislation is not to be found here.It must be looked for in the obligatory arbitration and such measures asthe creation of the Wheat Board.

Obligatory arbitration was contrary to all traditions of French trade unionism.But with the argument that the capitalist employers were opposed to it Jouhaux and Blum made it palatable for the workers. It is clear that the growth of state power which limits the autonomy of the individual capitalist will be fought by him,but that does not mean that the power of the working class increases thereby.On the contrary,the state machine becomes only more effective fulfilling the superpersonal interests of the dominating class. After protracted discussion it is now evident that the Temps ,this newspaper become bourgeois,as Jaures called it,wrote quite correctly :"The -strike right suspended or not? The reading of the law concerning arbitration and its procedure does not leave any doubt. From now on,every strike is illegal."

And the P.F.government does not conceal the function of the obligatory arbitration as an instrument for "class peace" and "economic democracy". In one of the debates in the chamber Blum characteristically declared:" Yes,the workers' organizations today feel strong enough to realize their duties and responsibilities toward the national life.Nothing could prove this better than there acceptance of such a text!" And in the Senate even more frankly as he retraced the situation at the Matignon Hotel Blum said:" To actualize the economic revival and to ensure the social peace, we have the good fortune to be backed by the unions,who for so many years repulsed the idea of arbitration and its procedure. Let us profit from this situation.If we should not clasp the hand extended to us by the union organizations to assure the social peace and class collaboration we would commit a mistake fatal to our French republic." And as Jouhaux repeated several times:" There can be no question here of one sided sanctions."

The unions are also ready to back the sanctions against those who refuse to submit to arbitration. This is manifest in the discussions of the question, recently again debated in the meeting of the National Confederal Committee of the CGT.

Of particular significance is further the role of the factory delegates.Article 5 of the Matignon agreement states that in all enterprises which employ more than six wage earners,one or more delegates shall be elected by the workers. In his speech of 6/16/36, Jouhaux made it clear that in his opinion shop delegates were to be "under union control".And when it was interposed that there could be a strong influence of non-union workers in these delegations,he shouted to the applause of his audience :" For us,we consider them as nothing and non-existend.The delegates must in no case come from outside the unions. For us, nothing relating to working conditions,exists outside the union organizations. Only the union has the right of intervention!"In that sense, later legislation designated the functioning of the unions and their factory delegates - the transformation of the unions from an instrument of class struggle to a wheel in the modern capitalist state machine-is now substantially completed.So it occurs that in spite of the cancelling of the increase of wages through devaluation, in spite of the worsening of the situation of large sections of the workers, especially in the white collar group,in spite of the fact that at the moment the power of the unions is greater than ever before,there has been in the last month the smallest amount of labor struggle in years. As we tried to show,there is

only a seeming contradiction in that fact.There is no impotence of the working class in spite of but because of their mass organizations.And when we hear the P.F. parties and especially the C.P. melody of the primate of the national production,these tunes seem to come from the other side of the Rhine. Imagine Blum,the leader of a socialist party,going to the workers slaving at the Paris exhibition and asking them to make sacrifices, to work Saturdays and Sundays - "how could you not be touched by the symbolic power of this coincidence...We want to be ready on the first of May,which for 50 years has been Labor's Day.For 50 years workers celebrated under conditions I will not describe here;..it is a sad and heroic,sometimes even bloody history.This time our May Day must become a triumph!"

We discussed here only two sides of the P.F. policy. We did not touch upon the reorganization of the war industry, achieved under cover of "Nationalization". We did not speak of the fact that the Blum government through a series of finance decrees since March of this year did fully reestablish the power of the "200 families".We did not mention the reactionary policy of this "socialistically" oriented government in Spain and its open imperialistic colonial policy. (One must always bear in mind that France is the second largest colonial power and that it exploits 60,000,000 colonial slaves.)These facts are only the other side of the same matter which we treated here from the perspective nearest to the working class.

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NEWS NOTES ON THE C.I.O.

A Definition

"Unionization, as opposed to communism,presupposes the relation of employment;it is based upon the wage system and it recognizes fully and unreservedly the institution of private property and the right to investment profit." --John L.Lewis in his radio speech; Sept.3,1937.

Miners "Hang" Leaders

Coaldale,Pa.,Oct.8 --Defying the wishes of John L. Lewis and other leaders of the United Mine Workers of America,nearly 7,000 hard coal miners threw down their tools today and walked out of five collieries of the Lehigh Navigation Coal Co. This spontaneous action of the union rank-and filers, which halted all operations in Panther Creek Valley, was an expression of sympathy for 39 "stay-down# strikers who were in the fourth day of self- imposed imprisonment 1,200 feet underground. Three union leaders and a labor mediator were hung in effigy fromfootball goal posts. New York Times .

C.I.O. Union Curbs Locals

To prevent the possibility of "wildcat" strikes called by locals without the international board's consent, the final authority to call a strike was placed in the hands of the general executive board by the Industrial Union of Marine and Ship-building Workers of America at its convention on Sept.25. New York Times.

Responsibility vs. Irresponsibility

"The United Automobile Workers desires to function as a responsible labor union. The refusal of President Martin to be bludgeoned by irresponsible actions is the best assurance that the U.A.W. is able to assume responsibility and live up to it." --Richard Frankensteen, vice-president of the U.A.W. issued this statement after Homer Martin had pulled a gun on a rank-and-file union delegation seeking to protest against Martin's discharge of "communistic and irresponsible organizers".
Martin admitted pulling a gun, saying:" I have a lot of enemies and I didn't know who was at the door."
At a meeting of Canadian automobile workers later in the day, Martin denied that he had pulled a gun.
--The Daily Worker printed this story on Oct.2,1937, having deliberately delayed its publication by 24 hours according to its own admission.--

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The Group of Council Communists (New York) announces:

STUDY CLASS IN MARXISM

Beginning Tuesday, October 19, 1937 at the Labor Temple, 242 East 14th Street (Room 39).

PROCEDURE

1) Popular Introduction and Interpretation of Marxian Theories.
2) Scientific Analysis, based on Capital, Vol.I.
12 evenings
3) The Communist Society (2 evenings)

SESSION: Every Tuesday, 8-10 p.m. Dues: Arbitrarily.
For further information write W.P.Berck, c/o Labor Temple.

The Group of Council Communists (Chicago) meets every Monday, 8 p.m., at Idrott's Cafe; 2nd floor. Lectures, classes, discussions. Admittance free. 3206 Wilton Ave. Near Belmont Ave. For information write to: P.O.Box 5343, Chicago, Ill.

INTERNATIONAL

COUNCIL

CORRESPONDENCE

For Theory and Discussion

CONTENTS:

Asia and World Imperialism

The Materialistic Interpretation of History

The Italian Corporative State

The Passing of Marxian Orthodoxy

Bernstein - Kautsky - Luxemburg - Lenin

REVIEWS

Vol. III **Nos. 11 & 12**

DECEMBER 1937

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INTERNATIONAL COUNCIL CORRESPONDENCE

∴ Published at Chicago, Illinois, Post Office Box Number 5343 ∴

By the Groups of Council Communists of America

The period of progressive capitalist development is historically closed. The decline period of capital, a permanent condition of crisis, compels to ever greater convulsions of economy, to new imperialistic and military conflicts, to ever increasing unemployment and to general and absolute impoverishment of the workers. Thus is given the objective situation for the communist revolution in the capitalist countries. For the working class, there is only the revolutionary way out, which leads to the communist society. No one can deprive the workers of this task, which must be carried out by the class itself.

The publishers of Council Correspondence see in the acting self-initiative of the workers and in the growth of their self-consciousness the essential advance of the labor movement. We therefore combat the leadership policy of the old labor movement, and call upon the workers to take their fate in their own hands, to set aside the capitalist mode of production and themselves to administer and direct production and distribution in accordance with social rules having universal validity. As a fighting slogan and statement of goal we propose:

All power to the workers' councils! The means of production in the hands of the Workers!

TO OUR READERS, CONTRIBUTORS, AND SUBSCRIBERS

FELLOW-WORKERS:

Beginning January,1938,the COUNCIL CORRESPONDENCE will appear in printed form, with a new format,and under a new name.

It has long been our desire to create a magazine of greater attraction and of wider appeal, and to multiply the issues of the periodical so as to reach a larger audience.This project has rendered obsolete the old mimeograph method of publication.

The new magazine will be called LIVING MARXISM,with INTERNATIONAL COUNCIL CORRESPONDENCE as a subtitle to denote the roots of the magazine. A statement of its principles and policy will appear in the first issue.

Because of the expense involved in the printing,we must, however, reluctantly, increase the price to 15 cent for each issue and to $ 1.50 for each yearly subscription.Since this raise in price alone will not enable us to meet the expense,we are compelled to ask our friends to contribute as much as possible to this project.The number of our subscribers must be increased; the circulation must be raised;donations to the Press Fund must be forthcoming. Only with the help of our readers may we carry through our plans.

COUNCIL CORRESPONDENCE

THE MATERIALISTIC INTERPRETATION OF HISTORY

The economic conditions, which we consider as the determinative basis in the history of society, we understand to be the manner in which men in a given society produce their means of subsistence and the ways in which they effect the exchange of products among themselves. The entire technique of production and transportation is here included. According to our conception this technique determines the mode of exchange, of distribution of products, and, after the disintegration of the tribal system, the division of society into classes, the conditions of master and slave, of State, of politic , law, etc. Further,among the economic conditions under which these phenomena obtain, must be included the geographical environment, and also the actual remains of former phases of economic evolution which often persisted by force of tradition, inertia, or because of circumstances which surrounds that form of society.

Even if technique largely depends on the condition of science,yet,in a greater measure, does the latter depend on the condition of and the need for technique. If society is in the need of the development of a certain technique, this helps science more than ten universities. The science of hydrostatics was the sole result of the need that Italy felt in the 16th and 17th centuries of controlling the course of her torrents in the mountains. We began to understand the science of electricity only when we discovered its practical application.

We hold, that in the final analysis, economic conditions constitute the determinative factor in historical evolution. Here, therefore,we must hold in view two points: a) That the political, juridical,philosophical, religious,literary, artistic, etc.,evolutions are based on the economic evolution. They all re-act upon each other and upon the economic basis. It does not mean that the economic factor is the sole active cause and all the others merely passive effects. But the whole situation presents a mutual interaction among the various forces on the basis of economic necessity,which latter force ultimately prevails.The State,for instance, exerts an influence by means of protective tariffs, free exchange, good or bad revenue laws; and even the boundless stupidity and impotence of the German petty bourgeoisie -which grew out of Germany's economic misery during the period from 1648 to 1830, and which first manifested itself in piety, then in sentimentality and fawning servility before the nobles and princes - was not without

its economic consequences.It was one of the greatest obstacles to the renaissance and was not shaken off until the revolutionary and Napolianic wars made the economic wretchedness unbearable. History is not as some would imagine for the sake of their greater convenience, an automatic effect of the economic situation, but men themselves make their history. Certain it is ,however, that men act in accordance with the prevailing conditions that dominate their field of action. And among these the economic circumstances, however much influenced by political and ideological forces, are always of chief importance. In the final reckoning they constitute the decisive factor and form the golden thread which guides the student to the correct,all-comprehensive,understanding of the subject.

b) Men make their own history, but not as the result of a general volition nor in accordance with some general plan, - not even in a given limited social group. Men's aspirations oppose each other.Out of this circumstance, in every similar group, arises an imperative Need whose chance concomitant or accidentally is at once the complement and the form of its manifestation.The need .or necessity which here underlies every chance appearance is in the end the economic necessity. The so-called great man appears. But the fact that it happens to be a certain great man , appearing at a certain time at a certain given place, is simply mere chance. But if we eliminate him there arises an immediate demand for a substitute,and this substitute is in time found.That Napoleon became a military dictator -of which the French republic,exhausted by civil wars, stood in need - was merest chance;but that in the event pf Napoleon's non-appearance there would have been another to occupy his place is proven by the fact that in every instance in which there was such a need the man was found -Caesar, Augustus, Cromwell, etc. If it happened to be Marx whc discovered the law of historical materialism, yet Thierry, Mignet, Guizot, who up to 1850 were writing English histories, proves that such a notion already existed, and the discovery of the same idea by Morgan further proves that the times were ripe for such an event and the discovery was an imperative need.

And so it is with every other true or apparent accidentality in history.The farther the field that we may be examining recedes from the economic, and the nearer it approaches the merely abstract ideology,the more we shall find-in its evolution-such accidentalities appearing on the scene, and the more does the curve of its evolution fluctuate.If one should attempt,however,to trace the axis of this curve,one should find that the longer the time period observed and the larger the field thus treated, the more nearly does this axis run parallel to the axis of the economic evolution.

F.Engels

THE ITALIAN CORPERATIVE STATE.

Fascism has set itself the task of doing away with the class struggle. The impossible, "Peaceful cooperation" between exploiters and exploited, is to take its place. In reality, fascism only suppresses by force the class struggle from below, and assures thereby the privileges of the ruling class. The fascistic system attempts to create the impression that it is capable of protecting, at one and the same time, the interests of both classes. To give the appearance that it would be possible to protect also the workers' interests, the theory of the corperative state was advanced. It goes without saying that in reality such a "corperative state" is an impossibility. Superficial observers could be led to believe, however, that the realization of the fascistic ideals is a question of time only, in the same manner as some people speak about the building up of socialism in Russia. In this respect it does not seem superfluous to elaborate on the thoughts which Mussolini has presented in a book on "The Corperative State" (Vallecchi Editore Firence).

As early as Nov.14,1933, a "radical change in the executive policy of fascism with regard to the corporations" was announced at the general meeting of the National Committee of the Corporations. In a later meeting, Mussolini gave the following explanation:"The National Council of Corporations defines the corporations as that instrument which, under the protection of the state, realizes the integral, organic and unanimous discipline of the productive forces, to further the development of wealth, political power and the well-being of the Italian people; it declares that the number of corporations necessary for the primary fields of production is to correspond fundamentally to the actual needs of the national economy. It decrees that the General Staff of the corporations must include the representatives of the administrative bodies, of the party, capital, labor and of technique. It defines as the specific task of the corporations: mediation, advisory functions such as the important problems of obligatory character, and furthermore, thru the National Council, the establishment of laws to regulate the economic activity of the nation. It leaves to the great fascistic council the decision over the politico-organic expansion along the lines of the existing constitution, and in agreement with the rules of the corporations."

During subsequent comment on these principles, the question was put forward whether the existing economic crisis is to be considered a crisis within the system,

or of the system. Mussolini suggests, as a way out of the capitalistic crisis, that the state assumes the leadership. The period of a liberal economy has passed, according to him, and so have syndicates, cartels and trusts. The socialist solution of the problem (production for use instead of for profit) is, of course, refuted and so is that form called "state socialism", as existing in Russia. The fascist "solution" - the establishment of a corporative state - is to guarantee "a higher social justice."

The form of organization of the corporative state is further discussed in the "Carta del Lavoro". Point 4 reads: "Under the mutual labor contract, solidarity of the various groups active in the productive process is expressed essentially in the fact that the contradictory interests of employers and employees will be settled somehow, and will be subordinated to the production process".

It is admitted that employers and workers have conflicting interests; to bridge the gap between these contradictions is the work of the corporations. The law of Feb. 5,1924 finally provides for 22 such corporations: eight in the agricultural, industrial and commercial field of production; eight in the field of industrial and commercial distribution, and six for commercial productive activity.

Delegates representing the fascist party as well as delegates in equal number representing employers and employees will be sent to each corporation. Thus do the representatives of the ruling party constitute the decisive factor. Their influence, indeed, is increased thru the law of 1934 which, in article 2, quotes: "The corporations will be presided by a secretary and undersecretary of state, or the secretary of the fascist party". The aim of this system is very clear: transferring the class differences to a level where there are only creatures of fascism who at least guarantee "economic peace".

If the workers' representatives could be elected voluntarily, then the class contradictions within the mutual professional bodies would be expressed much sharper than, for instance, in the individual organizations in democratic countries. This is well known to the Duce, who, after all, enjoys a Marxian past and precisely for this reason he created corporations for whole economic branches and not for single industries or industrial products. Frankly, this is expressed as follows: "The principle aims to avoid the shortcomings of the two systems of the corporation, those for single products or for single industries. Establishing corporations for

single products would mean to allow the opposition between employers and employees to rise again".

Thus the corporations are to be regarded as a sort of economic council, as we find them in democratic countries in addition to employers' and employees' organizations. The difference is that in Italy these economic councils play the decisive role, and the unions, which exist at least nominally according to a decree in 1926, function only as puppets. However, the situation was evidently already planned by the said decree which contains, under article 43, the following clause: "The corporation is not an independent judiciary organ, but is to be considered an administrative organ of the state". The state determines its function and pays the cost of administration.

This statement, which we read under article 47 of the same decree, is ridiculous: "Collective agreements are to be concluded by the legally recognized trade unions. All other collective agreements are void". Significant is the phrase: "legally recognized". Although article II of the "Carta del Lavoro" of April 21,1927 reads: "There exists professional and trade union organizational liberty", only the legally recognized organizations, those that are under the direct control of the state, are entitled to "defend the interests of the workers".

It is of interest to note that even the brutal terror of the fascist dictatorship deems it necessary to preserve a "good appearance". The state which ships its soldiers to Abyssinia in order to use them as "volunteers" in Spain seems to have scruples against showing openly that the ruling class is the capitalist class. But the beautifully planned corperative system represents, in the final analysis, nothing more than a class hungry for profits, exploiting the masses to the limit in order to assure itself the necessary dividends.

- Hartwig -

NATIONAL LIBERATION MOVEMENTS ARE GOOD BUSINESS

" It is good business for the United States to keep China's vast but undeveloped resources out of Japanese control,despite the short-sighted attitude, from the viewpoint of their own self-interest, of some big business men in this country. Secondly,China remains the greatest potential market and source of capital investment in the world.Our present stake in China is but a tiny fraction of our potential stake in a unified revived China.Political friendship may be a first-rate business asset." The NEW MASSES (Communist Party) Sept.17,1937.

THE PASSING OF MARXIAN ORTHODOXY.

Bernstein - Kautsky - Luxemburg - Lenin

Nothing reveals in such glaring colors the enormous contrasts which have existed in the last 30 years between the being and consciousness, between the ideology and the actuality of the proletarian movement as does the final issue of that great dispute whose first passage at arms has come down in the annals of party history under the name of the "Bernstein Debate". Having to do with both the theory and the practice of the socialist movement, it erupted publicly for the first time in the german and international Social Democracy, now a generation ago, shortly after the death of Friedrich Engels. When at that time Edward Bernstein, who was already able to look back upon important achievements in the field of Marxism, expressed for the first time from his exile in London his "heretical" opinions (drawn mainly from study of the english labor movement) regarding the real relation between theory and practice in the german and all-european socialist movement of the time, his views and designs were for the moment and still for a long while thereafter, both among friends and foes, uniformly misinterpreted and misunderstood.

In the entire bourgeois press and specialized literature his work "Die Voraussetzungen des Sozialismus und die Aufgaben der Sozialdemokratie" (#) was greeted with hymns of joy and showered with paens of praise. The leader of the then just founded National Socialist party--the social-imperialist ideologist Friedrich Naumann-declared in his sheet, without circumlocution: "Bernstein is our farthest advanced post in the camp of the Social Democracy". And in broad circles of the liberal bourgeoisie there existed at the time the confident hope that this first fundamental "revisionist" of Marxism in the marxist camp would formally also separate himself from the socialist movement and desert to the bourgeois reform movement.

These hopes of the bourgeoisie found their counterpart in a strong sentiment from the camp of the social-democratic party and trade-union movement of the time. However much the leaders of this movement were privately clear on the point that Bernstein's "revision" of the marxist program of the Social Democracy was nothing more than the public blurting out of the development which had long since been accomplished in practice and

(#) Translated by Edith C. Harvey under the title"Evolutionary Socialism:A Criticism & Affirmation" and published in London (1909) by the Independent Labor Party.

thru which the social-democratic movement had been transformed from a revolutionary class-struggle movement into a political and social reform movement, still they took good care not to give utterance to this inner knowledge toward the outside. Bernstein having ended his book with his advice to the party that it "might venture to appear what it is: a democratically socialist reform party", he was confidentially tapped on the shoulder (in a private letter published later) by that sly old demagog of the party executive committee, Ignaz Auer, with the friendly warning: "My dear Eddy, that is something which one does, but does not say." In their public utterances, all the practical and theoretical spokesmen of the german and of the international Social Democracy, the Bebels and Kautskys, Victor Adlers and Plechanovs, and by whatever name they are called, were opposed to the insolent blabber of the carefully guarded secret. At the party congress in Hanover in 1899, in a four-day debate opened by Bebel with a six-hour report, Bernstein was subjected to a regular trial. He barely managed to avoid formal exclusion from the party. For many years thereafter, Bernstein was the butt of attack before the members and the voters, in the press and party meetings, at the great official party and trade-union congresses; and notwithstanding the fact that Bernstein's revisionism had already been victorious in the trade unions and finally was no longer to be resisted in the party either, the anti-capitalist revolutionary "class-struggle party" continued to be played without hesitation, literally to the very last moment--that is, until just before the closing of the social peace pact of 1914, followed by the pact of partnership between Capital and Labor in 1918.

For this double-faced attitude toward the first serious attempt at a theoretical formulation of the actual ends and means of the bourgeois labor policy which they actually practiced, the practical and theoretical representatives of the policy pursued by the social-democratic party executive and the affiliated trade-union apparatus had their good reasons. Just as today the representatives of the communist party apparatus in Russia and in all national sections of the communist International, in order to veil the actual character of their policy, need the pious legend of the ever advancing "construction of socialism in the Soviet Union" and of the "revolutionary" character (guaranteed if only by that very fact) of the whole policy and tactic, at any particular time, of all communist party leaderships in all countries, so at that time the crafty demagogs in the social-democratic party executive and at the head of the trade-union apparatus needed for the concealment of their actual tendencies, the pious legend that the movement which they were con-

ducting was obliged, to be sure, for the present time, to restrict itself to merely tinkering at the bourgeois State and the capitalist economic order by way of all sorts of reforms, but that "in its final goal" it was on the way to the social revolution, to the overthrow of the bourgeoisie and the abolition of the capitalist economic and social order.

But it was not only the demagogs of the social-democratic party executive and their "theoretical" advocates who, thru the pseudo-struggle which they waged at that time against Bernstein's revisionism, lent aid to the danger of an advancing reformist and bourgeois degeneration of the socialist movement. Rather in the same direction with them there worked for a considerable time, unconsciously and against their will, also such radical revolutionary theoreticians as Rosa Luxemburg in Germany and Lenin in Russia, who according to their subjective design conducted a serious and uncompromising struggle against the tendency expressed by Bernstein. When at the present time and on the basis of the new experiences of the last three decades, we look back on those earlier directional struggles within the german and all-european labor movement, it is somewhat tragic to see how deeply even Luxemburg and Lenin were stuck in the illusion that "Bernsteinism" represented only a deviation from the basically revolutionary character of the then social-democratic movement, and with what objectively inadequate formulas they too sought to conduct the struggle against the bourgeois degeneration of the socialist party and trade-union policy.

Rosa Luxemburg closed her polemic against Bernstein, published in the year 1900 under the title "Sozialreform oder Revolution?" (#) with the catastrophically false prophecy that "Bernstein's theory was the first, and at the same time the last attempt to give a theoretic base to opportunism". She was of the opinion that opportunism, in Bernstein's book in theory, and in Schippel's position on the question of militarism in practice, "had gone so far that nothing more remained for it to do." And altho Bernstein had emphatically stated that he "almost completely accepted the present practice of the Social Democracy" and at the same time had devastatingly laid bare the entire practical insignificance of the then usual revolutionary phrase of the "final goal" with his open acknowledgement: "The final goal, of whatsoever nature, is nothing to me; the movement everything", still Rosa Luxemburg, in a remarkable ideological bedazzlement, did not direct her critical

(#) Reform or Refolution", Three Arrows Press, 21 E.17th St.,New York. 25 cents.

counter-attack against the social-democratic practice but against Bernstein's theory, which was nothing more than a truthful expression of the actual character of that practice. The feature by which the social-democratic movement was distinguished from the bourgeois reform policy, she saw not in practice but expressly in the "final goal" added on to this practice merely as ideology and very often even only as a phrase. She declared passionately that "the final goal of socialism constitutes the only decisive factor distinguishing the social-democratic movement from bourgeois democracy and from bourgeois radicalism, the only factor transforming the entire labor movement from a vain effort to repair the capitalist order into a class struggle against this order, for the suppression of this order". This general "final goal" which according to the words of Rosa Luxemburg should be everything, and by which the social--democratic movement of that time was distinguished from bourgeois reform politics, revealed itself in subsequent actual history as in fact that nothing which Bernstein, the sober observer of reality, had already termed it.

For all those people whose eyes have not yet been opened by all the facts of the last fifteen years, a convincing confirmation of this historical state of affairs is furnished by the express declarations on the matter which have come from the main participants themselves on the occasion of the various "marxian" anniversary celebrations of recent times. Among these belongs, for example, that memorable banquet which was arranged in 1924 by the exemplars of social-democratic Marxism, who were assembled in London for the 60th anniversary celebration of the first "International Working Men's Association" in honor of the 70th birthday of Kautsky. Here the historical "dispute" between Kautsky's "revolutionary" "orthodox Marxism" and Bernstein's "revisionist" reformism found its harmonious close in those "words of friendship" (reported by "Vorwaerts") spoken by the 75-year old Bernstein in honor of the 70-year old Kautsky and in the symbolical embracing ceremony by which the words were followed: "When Bernstein had ended, and the two old men whose names have long since become honorable to a younger, the third. generation, embraced each other and remained for several seconds clasped together,--who on that occasion could avoid being moved, who could wish to avoid it?" And in the year 1930, the 75-year old Kautsky writes in exactly the same sense in the social-democratic "Kampf" of Vienna, in honor of the 80th birthday of Bernstein:"In party-political matters we have been since 1880 siamese twins. Even such persons can quarrel occasionally. We have attented to that now and then quite extensively. But even at such times it was impossible to speak of

the one without thinking also of the other."

Subsequent testimonials of Bernstein and Kautsky illuminate quite clearly the tragic misunderstanding with which in the pre-war period those german left-radicals who, under the slogan "revolutionary final goal against reformist daily practice," sought to conduct the struggle against the practical and in the last analysis also theoretical bourgeoisification of the social-democratic labor movement, in reality merely supported and promoted this historical process of development carried out by Bernstein and Kautsky in their respective roles. With due allowances, the same may be said, however, of still another slogan by means of which in the same period the russian marxist Lenin, in his own country and on an international scale, sought to draw the dividing line between the bourgeois and the "revolutionary" labor policy. Just as Rosa Luxemburg in her subjective consciousness was the sharpest adversary of Bernsteinism, and in the first edition of "Reform or Revolution?" in the year 1900 still expressly demanded Bernstein's exclusion from the social-democratic party, so also was Lenin subjectively a deadly enemy of the "renegade" Bernstein, and of all the heretical deviations committed by him, in his "herostratically (#) celebrated" book, from the pure and undefiled doctrine of the "revolutionary" marxist program. But exactly like Luxemburg and the german left-radical social democrats, so also the bolshevist social democrat Lenin made use, for this struggle against social-democratic revisionism, of a wholly ideological platform, in that he sought the guarantee for the "revolutionary" character of the labor movement, not in its actual economic and social class content, but expressly only in the leadership of this struggle by way of the revolutionary PARTY guided by a correct marxist theory.

-Korsch-

(#) An allusion to Herostratus of Ephesus who tried to immortalize himself by burning the temple of Diana. - Translator.

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UNION DEMOCRACY: (Chicago Daily News, Nov.9,1937)

A mass meeting of taxicab drivers, unauthorized by the International Brotherhood of Teamsters, was called today. Rebel drivers of the Union, not only fighting for a voice in their affairs, but protesting the close collaboration being practised by their I.B.T. czars with the monopoly cab companies called the meeting to examine changes in Roberts Rules of Order, which they declare have been inaugurated by the bosses of the union. The most significant change, according to the cab drivers is in a section which enables the chairman to say:" All those in favor signify by saying, Aye; all those opposed, line up for a tap on the skull".

ORIGIN AND DEVELOPMENT OF THE COMMUNIST PARTY OF GERMANY

In discussing with fellow-workers the history of the modern organized labor movement, we discovered that actually little is known of the events that led to the founding of the Third International, and of subsequent happenings. To furnish workers an understanding of this organization, we have decided to publish in the CouncilCorrespondence, and to continue in LIVING MARXISM, a series of articles devoted to the communist movement rising out of the Second International, and culminating in the Third. The following article appeared in 1926 in PROLETARIER, the theoretical organ of the Communist Labor Party of Germany (K.A.P.D.) Other articles will follow dealing with the early modern communist movements in Russia, Holland, Austria, France, Italy, England and America. Discussion of this series is welcome.

The first nuclei of the Spartakus Bund were organised early in 1915 during the first controversies within social democracy about the 'lesson of the fourth of August'. "The history of the German pre-revolutionary epoch during war time is not only the history of a struggle against the war and for the organization of the revolution against fatalism, but it is also the history of tremendous disputes between the various factions of the proletariat". (Drahn-Leonhard, "Underground Literature in revolutionary Germany during the World-war") A brief analysis of these disputes will reveal the relationship between the Communist Party of today and the Spartakus Bund of 1915-18.

The Activity of Karl Liebknecht

The open agitation against the war policy of the social-democratic party bureaucracy begins with K. Liebknecht. Amidst chauvinistic instigation and provocation he was the first who raised the voice of the class struggle. In him is personified the re-awakening of socialist ideolgy. But the proletariat would not do justice to this staunch and fervid fighter if it restricts itself to the mere chanting of hymns; history does not record emotions but only facts, and historical facts compel us to state that because of the existing conditions, Liebknecht could not advance beyond the stage of a leader of a vanguard within the shell of social democracy. He was first of

all a parliamentarian, -perhaps even the last real labor parliamentarian who sincerely believed that this institution could be used as a revolutionary "tribunal". He beheld the bankruptcy of the social-democratic leaders, but he did not identify the leadership with the party. To him the party was still a revolutionary instrument ready and willing to act in a revolutionary sense as soon as it has rid itself of its defunct functionaries. This was the premise of his struggle from the beginning of the war until his death January 15, 1919. What has been said of Rosa Luxemburg applies also to Liebknecht: between his theoretical concepts and his practical activity lay a wide gap. He believed in the masses and in spontaneous action but considered the leader the propelling force. As leader, he broke the party discipline, and he hoped the masses would follow him and with him would conquer the defunct party machine. When the masses within the party did not respond to the extent expected, then, even when he saw the impossibility of changing the course and ideology of the organization, he did not call for the building up of new class formations over and against the old apparatus.

His policy was the "policy of the twofold perspective", as it became known later through the successor of the Spartakus Bund, the Communist Party, which today proclaims that the interests of the proletarian revolution are identical with the Russian state program of economic reconstruction.

On August 4, 1914, the Reichstag deputies of German Social Democracy audibly demonstrated their close relationship to capitalism by voting for the war loans. By this act the social democratic party officially ceased to be the avant guarde for the proletarian revolution. "It was no catastrophy, it was rather the logical step of a movement whose development pointed towards that direction ever since the party congress at Erfurt", said Johann Knief, consequent left winger , in Arbeiter-Politik, June 24, 1916.

The forces responsible for the collapse of the German S.P. must not be looked for in the party program or in the resolutions adopted at party congresses, but rather in the structure and mechanism of the organizational apparatus, viz: the political party, the trade unions, and the consumer's co-operatives. These organizations -with a membership totalling several millions- were too closely linked up with the capitalist system; in fact, their existence depended upon the existence of the capitalist system itself. It is the tragedy of the proletarian struggle for emancipation that the workers realize too late the character

and role these organizations have played and are still playing.

Traditions and concepts of organizational unity were so strongthat even the fervid Liebknecht -who already before the war had fought many bitter struggles against the old bureaucracy- capitulated. In his pamphlet "Klassenkampf gegen den Krieg", he explains his position as follows: "Regarding the technic of dissident voting, there was neither practice nor clarity.At the first voting for the war loans I confined myself merely to opposition within the party faction of the Reichstag. The collapse of the party had not as yet come to the fore, I had still reasons to believe that the party would soon realize its error. To keep disciplin, therefore, I considered my major task". Even after the National Executive had vetoed his demand for public meetings under the slogan "Agsinst war-for peace", he nourished the hope that a revival of the party was still possible. Valiantly he fought within the Reichstag faction against the second war loan. But he was defeated and was even refused the right to issue a minority declaration. On December 1, 1914 - a few days before the Rechstag session - Rosa Luxemburg informed him that Mehring and Karski advised him, in the event that he remained alone, to refrain from a minority declaration. Suddenly he realized that the new brand of social patriotism was not merely a mistake, but a definite policy; he rejected the advise, broke the discipline; voted against the war loans; and issued a minority declaration. This declaration was disappointing, since it did not contain one single word regarding the causes that led to the bankruptcy of social democracy; not one word about the task of the revolutionary proletariat. Instead, it denounced the "war of Defense# by showing that imperialist developments are wholly responsible." A speedy, no nation humiliating peace, a peace without conquests must be demanded. All efforts towards that direction must be welcomed". Thus spoke Liebknecht, but this is not the language of the revolutionary proletariat, and one asks dubiously how it was possible that such demands could be raised by a man who seemed to be well acquainted with the imperialist character of the nations at war,and who should have known that only proletarian mass action could stop a war. Here again Liebknecht proved that he had not yet passed the phase known as "revolutionary parliamentarism". The following quotation, taken from "Unterirdische Literatur", by Drahn-Leonhard, will throw even more light on Liebknecht's hazy views. "The emergency loans find my approval. They are, however not nearly large enough. I approve of everything which would ease the lot of

our men at the front, our wounded and sick.For such purposes there is no loan large enough". Even Zinoviev rebuked this and said that it resembled a series of disharmonic chords; on the one hand Liebknecht denounced the imperialist character of the war, and on the other hand he demanded nothing but peace." If everything Liebknect said about the character and cause of the war is correct -and it is correct- then socialists have only one course to follow,namely,to transform the imperialist war into the civil war". (Zinoviev in "Gegen den Strom", p.40).

The Social-democratic Arbeitsgemeinschaft #)

The centre faction of the party, though opposed to the war policy of the executive, also believed in the possibility of rebuilding the party into a useful weapon for the class struggle. Since this belief was its only platform, it had no aim other then to preserve the unity. With iron consequence it followed the party executive from bad to worse until,finally, it had no choice but to cover and defend the anti-proletarian policy of the party as a whole.

But the left-wing Liebknecht group also nourished the illusion that the influence and power of the party bureaucracy could be undermined and that a clean break wasn't necessary. The result of this "united front" tactic was the same then as it is today:Prevention of revolutionary class development.Today the Communist Party proclaims that it is the party of Wilhelm Liebknecht and August Bebel and "must be considered the consequent proletarian opposition within bourgeois society - as equally important as was the 2nd International during its boom period ".(Resolution, executive committee of the Comintern,quoted in Rote Fahne, July 1923.) In a similar vein Karl Liebknecht expressed his affiliation with social democracy in a speech before workers in Berlin December 1914 when he said that "Social democracy must reconquer its lost respect in actual struggle. If the party refuses now to fight against the war, then neithet the workers nor the party's opponents will take it seriously after the war. Now is the crucial time, now we must assure the party's success in the future".(Quoted by Drahn-Leonhard).Instaed of propagating separation, Karl Liebknecht wrote christmas

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#) Literally translated "Arbeitsgemeinschaft" means work-community,a term which can be applied to any kind of co-operative activity.It refers here to discussion groups within the party which tried to find new means of combating the party executive as well as the capitalist state.

letters to the pacifist newspaper of the Independent Labour Party in which he said:" Not our principles failed but rather our representatives . ... Only delusion can demand the continuation of the war until complete surrender of the enemy ... The well-being of all people is inseparably inter-connected".(Klassenkampf gegen den Krieg, p.45).

In Liebknechts Politischen Nachlass, published by F. Pfemphert in "Die Aktion", - articles written while imprisoned - one finds many clear thoughts about the character of the old organization.Liebknecht began to realize that revolutionary policy must lead from mere lip service to actual struggle, and that the fight against capitalism could be carried on successfully only after the victory of the workers over the trade unions.(" Legien and his henchman"; Legien was president of "Allgemeiner Deutscher Gewerkschaftsbund.)

The praxis of the Liebknecht group, however, differed widely from its leader's correct theoretical concepts and conformed to his advice, viz: to remain in the existing organizations merely for propaganda possibilities. This position indicates Liebknecht's adherence to the "boring from within" policy. All leaflets and manifestos by the two imprisoned leaders of the movement, Liebknecht and Rosa Luxemburg, stressed the importance of this tactic. After the arrest of Liebknecht for his speech on Potsdamer Platz, Berlin,May 1,1916, there appeared a leaflet issued by the Spartakus Bund and containing the sentences, "The German government wants to put a German Reichstag deputy behind prison bars because he dared to propagate world peace. Not even the most odious enemies of Liebknecht would question his integrity; and such a man the government wants to punish, to strip of honor, and to make it impossible to continue his service for those sections of our people who elected him and whose confidence he whole-heartedly enjoys".(Quoted by Drahn-Leonhard).This is the manner in which the old social democracy and the party centre spoke of "civil rights", but they never understood that the struggle for power between capital and labor had no connection with the honor concepts of the bourgeoisie, - a term which was frequently used however by the protagonists of "revolutionary parliamentarism" in order to cover up their confusion and dishonesty. The Spartakus groups, in following this line, were incapable of grasping the real perspectives of the revolutionary struggle. They had to remain loyal to the centre, which believed in Ludendorff's military success and Bethman-Hollwig's peace declarations at one and the same time. The desire on the part of the centre to carry water on both shoulders came to a sudden end when the

government issued a statement to the effect that peace negotiations were inopportune at this time. (December 1915).The centre began to fight --in parliament. Before the March session of the Reichstag, threatening frictions developed within the S P. faction. They were caused by the leaders of the right, Ebert and Scheidemann, who bolted when permission was given the minority to appoint a speaker. The difficulties, however, were overcome by Hugo Haase, president of the party and leader of the centre, who spoke in behalf of the minority. Stressing the necessity for party unity, he advised the formation of "Arbeitsgemeinschaften" which should attempt to iron out the differences.His proposition met with general approval, and soon afterwards we could see Bernstein, father of revisionism, shaking hands with Kautsky, official guardian of Marxdom.Party unity seemed to be assured - for the time being at least.

Three months before this notable event, New Year 1916, the followers of Rosa Luxemburg and Franz Mehring had organized the group "Internationale". The program of this group, however,did not even reach the conclusions Rosa Luxemburg had arrived at in her "junius brochure". This pamphlet, revealing the imperialist motives of the war, demanded increased intensity of the class struggle to end the war It correctly pointed out that defensive wars do not exist any more, and regardless of whether a war ends in victory or defeat, the result will always be a defeat to socialism and democracy. It is of importance to note that both"junius" and the "Internationale" defended democracy. Here we find the key to the many contradictions and tactical blunders that were comitted by this group.Credit must be given to Karl Radek for his excellent exposé on the reformist policy of 'junius' and her group. Writing in J.Knief's Bremer "Arbeiter-Politik",Vol.I. Nrs.6,7,8; 1916, Radek reasons as follows: inasmuch as the program accuses the party executive of treachery 1) against the basic principles of international socialism, 2) against the life interests of the working class, and 3) against the democratic interests of all people, it is merely a repetition of Karl Liebknecht's Labour Leader letter whose strange naivety led to just as much confusion as Rosa Luxemburg's "junius brochure".Radek fully appreciates 'junius' fight against the flimsy arguments of the social patriots, but he simultaneously criticized her for not having analyzed the reasons for the two year old crisis within social democracy.

It is of little significance to speculate whether or not different conclusions would have changed the tactics of the group "Internationale" Today we can record

the historical fact that both, 'junius' and her group, traveled on the same road with the official party, though it was somewhat to the left of it.

There is one paragraph in the 'junius brochure' which, on account of its importance, necessitates a brief exposé .Junius poses the question, should social democracy sell out the German state to the enemy because this state does not meet the demand of the people for self-determination, and because the war is an imperialist war.(p.82) "Passivity must never be the principle of a revolutionary party," junius declares; social democracy should have pursued an independent class policy to compel the ruling class to grant the peoples the right of self-determination in the hope of creating thereby potential allies against the imperialist war.Social democracy should have demanded immediate formation of people's militias and the arming of the entire male population, because the people's decision for or against war is just as important as the "immediate withdrawal of decrees which prohibit the exercise of democratic rights, inasmuch as political freedom is the prerequisite for national defense ". In order to give her argument more weight she quotes Marx and Engles whose position during the Paris Commune 1871 she considers a fitting parallel. But Radek correctly rebukes her by pointing out that national bourgeois revolutions of the 1848 type are things of the past and that her program stands in utter contradiction to her otherwise correct analysis of the imperialist epoch.The tactics of the Jacobins are out-dated because the present war does not represent any more the conflict between feudalist and bourgeois countries but rather a conflict between imperialist nations. However,should it be possible for the workers in England to gain control of the government, and should the imperialist nations in such a case continue the war against England,then it would be the task of the English working class to defend the victorious socialism of their country. Such a war would not remain a national duty; but would become an international duty, since it would mean the beginning of the social revolution throughout Europe.(In "Arbeiter-Politik").

We stressed these points to show that Rosa Luxemburg did not understand the course of historical development and that she,therefore, was unable to propose a revolutionary program of action.Her program only beclouded the crisis within social democracy and increased the confusion among the workers. For these reasosns the group "Internationale" was doomed to insignificance.

(To be continued).

N E W P A M P H L E T S

WHAT HAS BECOME OF THE RUSSIAN REVOLUTION? by M. Yvon. Translated by Integer. International Review, N.Y. 64 pp. 25 cents.

The industrializing of Russia, rising out of the urgencies of world-competition, has brought about an appalling poverty and oppression for the Russian masses. A man who has spent eleven years in Russia as worker, manager and member of the Communist Party there, has here recorded their misery in a formidable massing of facts. From these statistics we learn that real wages have declined since the pre-war period; that the worker has less to eat now than in the days of the Tsar; that incomes range from 80 to 30,000 rubles a month, to create the class divisions of privation and privilege that are ever attendant on such a disparity of income. The Russian Revolution has inaugurated a period, not of liberation for the workers, but of harsher exploitation in which Work is glorified and from which not even the sick are exempt. "Izviestia" for Sept. 17, 1934 is quoted as follows: "Science gives the word (invalidity)an.. entirely relative significance and permits us to return to production a great number of our invalids." The brutality of this society causes the author to believe that Capitalism may be followed by a system of even greater bondage. But his description of the Russian society is a description of State-Capitalism, and the laws that govern Capitalism govern Russia. It is marked by the same inherent contradictions; it has the same objective limit. The class struggle still seethes there, as the author admits; and the thousands who are exiled, imprisoned, and executed as "trotskyists" symptomize the economic unrest in that society and indicate its ultimate doom.

This pamphlet is rich in statistics on Russia and can be a weapon in the hands of a revolutionary worker.

C.I.O.--PROMISE OR MENACE? Published by Industrial Union Party. 62 pp. 5 cents.

In this pamphlet is bound a sequence of articles and editorials that appeared in the INDUSTRIAL UNIONIST on the subject of John L. Lewis. This treatment of Lewis is marked by oversimplification. We apparently are to assume that Lewis misleads the workers because he is inherently a villian, and that the Communists and Socialist Parties support him because they are depraved and muddled--both explanations are offered. The economic forces of which Lewis is symptomatic, and

the economic determinants that impel the C.P. to support him are almost completely ignored as if the dialectic did not exist as the method of revolutionary criticism. The result is an analysis of Lewis in a vacuum instead of in the flux of economic change. However, amidst such emotional evaluations as "John L. Lewis--than whom there is no blacker figure, no more consistent betrayer," etc., the reader may glean some definite facts on Lewis' career, and for this reason the pamphlet is not without value.

RICH LAND, POOR LAND. A pamphlet summary of a book of the same title by Stuart Chase. League For Industrial Democracy, New York City. 27 pp. 15 cents.

The forces that have transformed America into the most powerful nation of the earth have done much to devastate and deplete the land. Lumber companies have destroyed almost nine-tenths of its forests. Erosion, caused principally by the indifferent uprooting of vegetation and the consequent loosening of the soil, has swept, and is sweeping, away one-sixth of the country. Wide waves of dust, checked no longer by grass, transform rich areas into wastelands. The smoke of refineries has destroyed vegetation; mining projects have gutted the earth of its richest minerals; the filth of cities has killed "more fish than all the fishermen, and silt has killed more than pollution."....And the waste continues. The rate of depletion is indicated by the Natural Resources Board report that in one day, on one field in Texas, enough gas is blown into the air "to supply the United Kingdom twice over." Thus has America's growth been accompanied by a prodigious waste of its natural wealth. (And what shall be said of the waste of human lives?) But though the pamphlet has much to say in condemnation of this destruction of resources, yet of the system that lives by such destruction, it says nothing. The author blames this waste on the desire for individual gain; but He does not consider the economic drive behind the acts of the despoilers. He would balance outflow with inflow, and minimize the use of irreplacable materials; and to this end, he would replace the mad struggle for profits with collective action. But apparently he would not touch the economic base from which that struggle springs. To abstract individuals from their age and its compulsions, and to analyze their motives without the objective stimuli; to seek to modify their behavior without modifying those objective conditions--is to indulge a most superficial analysis and a most futile effort. Yet beyond this point the petty bourgeois individual cannot go. Though by force of his subordinate economic position he bewails the evils of capitalism, still by force of his class in-

terests he must preserve the system. Not with the petty-bourgeoisie, therefore, is sociologic progress possible, but with the proletariat--with those whom capitalism can now offer nothing but privation and pain, and who, in the collapse of capitalism, have nothing but their bondage to lose.

THE TRAGEDY OF SPAIN. by Rudolph Rocker. Freie Arbeiter Stimme, New York City. 47 pp. 15 cents.

The conflicting economic forces in Spain have been here disentangled and traced to their scurces. Mussolini and Hitler seek the mineral despoaits of Spain, together with areas that will give them control of the Mediterranean. England and France, knowing that a victory by either Franco or the Loyalists may cut them off from their colonies, as well as jeopardize their interests in Spain, protract the war so as to exhaust and render helpless to their domination both sides of the struggle, as well as to prolong the drain on Italy's and Germany's resources. Russia, impelled by the threat of the anti-Soviet alliance combining Japan, Italy and Germany, creates an alliance of her own with France and England, and her interests in Spain become allied with the interests of these countries. Her shipments of arms to Spain began, therefore, only when the Loyalists were losing ground and, though dearly bought with Spanish gold, were thenceforth doled-out in proportions sufficient only to equalize, and thus protract, the war. The anti-Fascist Front, dependent upon Russia for arms, becomes subject to her policies--which are the policies of France and England. The class-war is abandoned; the bourgeois character of the united front becomes more and more manifest; revolutionists are displaced from leading positions. In a word, whatever proletarian character the anti-Fascist Front had, has been emasculated....Thus the whole camouflage of neutrality-pacts, democracy, People's Front, is stripped away from the various powers and we see each nation, Fascist, Democratic, or Bolshevik, as predatory Capitalism, after all.

But though this picture of the Spanish situation is commendibly clear and free from the usual confusion of detail, it is not complete. The author has not indicated what the class-conscious workers should do in the face of the bourgeois character of the united front and the treacherous reactionism of the Communist Party. Apparently the murder of revolutionists and the butchery at Barcelona have taught him nothing. Apparently he believes that workers should continue pouring out their blood in a cause that is not their own. But had he reviewed his own facts, he might have seen that the Spanish Civil War

is only a struggle between rival groups for the privilege of exploiting the masses. He might have reasoned that only treachery and betrayal for the proletariat can follow their alliance with either side, He might have seen that if, as he indicates, the slogan of Democracy versus Fascism will be used to betray workers into the next world war, it has been used already to betray them in the struggle in Spain.

After all, democracy and Fascism serve the interests of the same system. Workers must therefore carry the class-war against them both. They must fight Capitalism everywhere regardless of what disguises it wears and what aliases it assumes. If workers must fall on the field of battle, let them fall fighting, not that one group of exploiters instead of another should have domination over their lives--but fighting in the cause of their own liberation.

THE POPULAR FRONT
from the bourgeoisie to the anarchists

A short time ago, Companys', bourgois-president of the GENERALITAT of Catalonia announced his decision to resign.
Comment of the Barcelona newspapers: (Taken from Comunicat De Premsa, # 212, October 21, 1937. Commissariat De Propaganda, Generalitat De Catalunya)

Dia Grafico:"...The work of the Popular Front must be effectuated....(so that it) may bring about the triumpf of the Republic and of Liberty." (Republican)

La Publicitat (Liberal):"...We do know ...that the only possible relationship between the governments of the Republic and the Generalitat is collaboration and cooperation."

Treball (Communist):"Companys is today the man who best represents the unity of the Catalan people in their struggle against Fascism...We believe that all necessary conditions should be created to permit Companys ..to have..the means to assure the highest efficacy in the exercise of his high functions ".

Manana (Syndicalist):"Companys may give up the presidency of Catalonia if that is his desire..but he may not if it is because of hidden pressure...It is the people who have elected him and it is the people who may withdrw their confidence." Catalunya(C.N.T.): "With justice in everything and for anyone, we recognize the high moral authority of Companys, and we recognize that his personality is the greatest existing welder of the forces of anti-Fascism."

THE C.I.O. BREAKS A STRIKE

In the latter part of November of this year,a strike was broken by the C.I.O. and the Lovestone group Four workers were discharged for their militant activities from a General Motors Fisher Body Plant, and several hundred of their fellow-workers went on strike in protest.The strikers took swift possession of the plant, fortified themselves against attack,and refused to surrender without the reinstatement of their dismissed co-workers. Employers and labor leaders condemned the strike with equal vehemence. The head of the United Automobile Workers of America, Homer Martin,denounced the striking workers. Angered by this desertion of their union head, the strikers threatened to do him bodily violence, and one of them declared that if Martin came anywhere near the plant for purposes of negotiation, they would sweep him away with a fire hose.

But the agents of Martin and Lovestone were busy.They circulated among the workers and persuaded them to occupy the plant in split-shifts as strikers had successfully done last winter in Flint, Michigan. Having thus divided the strength of the workers, the agents concentrated all their supporters on one of these shifts, and when negotiations were attempted, there were in the plant only forty workers of which the majority were the associates of Lovestone and Martin. These men readily accepted the overtures of the lawyer who entered the plant first to prepare the way for Martin, and when later Martin entered and, ignoring the abuse of the minority of militant workers present, spoke to the men, they moved out of the plant, and the company guards again assumed possession of it. When the two other shifts of strikers returned to resume their position in the plant, they found themselves locked out. For his work in breaking this "outlaw" strike, Martin was praised by the press.

Such desertion of workers by their leaders, and such betrayal, is not uncommon in the labor movement.The reason for such treachery is simple. The needs of the labor leaders are not the same as those of the workers whom they organize. The income they draw from their organizations frees them from the conditions of privation that render men class-conscious and revolutionary. With an income of at least of middle-class proportions, they become middle-class psychologically, and are impelled by their interests in capitalism to defend the system by which they live.Their interest in working class movements is only as a source of profit and power: but as soon as these movements

threaten those ambitions instead of furthering them, the leaders are of necessity moved to treachery and betrayal.

So we have the case of labor leaders demanding dues from their workers, and using many forms of monetary extraction. We see the case of Lewis, who even as head of the United Mine Workers, demanded that all dues be sent first to him, so that he might return as much as he thought necessary for the functioning of the local unions.And so we see the recent spectacle at Flint, where the gates of all Chevrolet plants were picketed by men bearing signs urging the workers to pay their dues. As long as workers cater to the ambitions of their leaders, they will receive their leaders' support.But whenever the needs of the workers run counter to the interests of their leaders, and are expressed in action, their movement is branded as outlaw.

Since laws are made essentially to protect private property and the property class, those who oppose out-law strikes are, in that very opposition,defending the bosses against the workers,and reveal themselves for what they always are - enemies of the working class.Not to such labor leaders,therefore,may the workers look for their liberation. They must look only to themselves and their own needs as expressed in these very out-law strikes springing spontaneously out of the economic conditions and disdaining professional leadership.

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ASIA AND WORLDIMPERIALISM

In the previous issue of Council Correspondence we began the publication of a long series of articles dealing with the war in the Far East.Editorial changes connected with the publication of LIVING MARXISM necessitate a breaking up of this long and continous series into smaller,independent articles.However,the subject matter to be treated will remain the same as outlined in the previous issue.

The last issue reviewed the historical, political, and economic development of China, which stands today in the center of world interest, since it is to be regarded as the main field of new imperialistic adventures. Many countries have a "stake" in China,but the Japanese at present obviously believe that theirs is the greatest of all. Since 1933 Japan was in control of Manchuria.Since then she has penetrated deeper and deeper into northern China, and the war,which started in June 1937, has added new territories to those which she had already seized.

The Japanese attack on China, like the war in Spain, has brought new bewildernment into the international labor movement.The reformist movement, comprising bourgeois liberals, advocate an international boycott of Japanese goods, to punish Japan for its aggression. On the other hand, organizations actually or ideologically connected with the imperialism of Russian state-capitalism prepare the workers for a war against Japan, to save China from the "Eastern Menace".

We want to say at the outset that we regard both attitudes as inconsistent with the needs of the international working class, to which the chinese and japanese workers also belong. We have shown in our previous analysis of Chinese conditions that the workers of China have nothing in common with their exploiters; that their miserable conditions make senseless a "united front" with their exploiters for purposes of national "liberation".

The revolutionary process operating for many years in China did serve attempts at a development of capitalism. Although the class diferentiations already included the differentiations between capital and labor, still there was no movement orientated towards communism. Within the total revolutionary process the proletarian struggle against capitalism played an insignificant , though actual, part. At the

base of the Chinese Revolution was the converting of a semi- feudal agriculture into agricultural production for the market, the latter economy being a prerequisite for a general capitalization of the country. The differences between "Soviet"-China and the Kuming-tang was not a class struggle , but a violent disagreement as to whether China should ally with Russia in her struggle for national liberation. Neither the forces orientated towards Russia, nor the forces which subordinated themselves to the League of Nations, that is, those who attempted to use and to profit by the rifts between the imperialist nations, had aclear conception of the character of the Chinese Revolution. General Blücher, operating as General Ga-Lin for the Chinese revolution was always wondering as to what was really going on in China"In Hunan", he once said, " the peasant committees distribute the land, but all officers of the revolutionary army are themselves landlords. On the one hand they make the revolution, on the other they demand peace and ordwr. The chinese revolution is a mistery to me".

China could not have a revolution a la Russia. In only a comparatively small part of China was it possible to get the peasants behind the slogan of the distribution of land. Small proprietorship is overwhelming there and it is unable to conceive a solution to their problems in land distribution. But they felt hampered by heavy taxation on the part of the local amd provincil authorities. Whatever government they had exploited them. Their self-sufficiency within their farming communities and the absence of markets made them immune to all nationalistic attitudes. But the trend towards a nationalist gevernment was welcomed because it seemed to promise the elimination of a variety of exploiting groups. Concentration of government, re-organization, and the elimination of sectional and local exploiters living on the peasant masses, so that capital could be accumulated for the industrial process, was the goal of the young chinese bourgeoisie. This goal also necessitated opposition against foreign exploitation. This was also the goal of the "Communists", for whom the land question was rather a tactical then a problem of principles. Their activities were directed by the Russian imperialistic and defense interests.

The situation of the poor masses of China calls for the capitalization of the country and because this possibility is precluded for the next future, their situation knows no hope, their suffering and correspondingly their class struggles can only increase. This class struggle is not only hidden , but is also intensified by the imperialsit onslought on China.

In China, today, as in Spain,the revolutionary needs of the workers and poor peasants are diverted into capitalist-nationalist channels. Only within the general struggle of imperialist capitalism can the Chinese masses wage their own struggles.The class struggle is thus overshadowed by the struggle imposed upon China by Imperialism. The need of China -within the present world capitalism - would be fulfilled by its rapid transformation into a fullfledged capitalism,a condition, however, which again is at present precluded by the same world capitalism.

Under conditions of world communism, China in spite of its backwardness, would have to conform in order to exist.The incorporation in a communist world economy would be far less dificult than its present struggle for life within world capitalism. Today , under the prevaling backward agricultural system, and with no possibility of further colonization, it can no longer live on its own resources. But the rapid industrialization also is excluded by the decline situation of world capitalism.However, what if, contrary to all reason and opposed to all facts, China should succedd in its capitalization process? It would have to be at once imperialistic. It would have to become that other "Eastern Menace" to other capitalist nations. It would be forced to hinder other capitalist nations in order to safeguard its own progress. It would not cahnge anything on the general situation of world capitalism. It would only sharpen in a somewhat shifted direction the existing contradictions. We maintain - and we shall soon deal with this subject at length - that capitalism is incapable of developing a world economy that can solve the present most direct needs of mankind.Imperialism has ceased to be a "progressive " force, just as capitalism is no longer able to develop further the productive forces of society. Any capitalist activity, regardless of whether it is initiated in the backward or the developed countries,has only one possibility, - to transform given contradictions into greater ones, to change given difficulties into still greater difficulties, to increase the misery and exploitation of the powerless of the world. The defeat of Japanese imperialism would mean the triumpf of another imperialism - not China's. But a liberated capitalist China -an obvious impossibility- would mean that China would be placed in Japan's present position, especially because of its lack of essential raw materials and of capital, - and this without doing away with Japans need for the same things and with this new attempts to regain its former position. The chaos would be increased, and slogans , like "Boycott Japanese goods" or "Defend China" would be

inverted.

We accept none of the slogans peddled today in the international labor movement on the war in Asisa. We don't exit ourselves in crying "Hands off China", nor are we happy over the prsent Japanese success. One or the other attitude would mean already the mental alingment with one or the other imperialist cause. We are not imperialists, but workers without any "national feeling", without an abstract sense of justice, without indignation for agressors and sympathy for defenders. Agressor and defenders change positions, we have only one position: the real needs of the international working class,which cannot incorporated into a Chinese cause, or engaged in a boycott against Japanese goods. For in doing either, we would help Japanese competitors, or imperialist forces opposed to Japanese imperialism. For if success accompanies those slogans - and without the success possibility they would be senseless - we would bee forced to fight for the Japanese cause and to boycott Chinese goods. Nor are we as revolutionaries interested in safeguarding the status quo. Not only because we favor change, but because the status quo is non-existend. There are only times of comparatively sudden changes and periods of relatively slow changes.

We are not concerned with whether China defeats Japan or vice versa. The workers in China are compelled by force of circumstance to fight with their bourgeoisie and thus for their bourgeoisie, and whatever capitalist allies China has or may find. They can only act as capitalist forces, at present, their action as such is directed against the interests of world revolutionary needs. The development of backward countries - as Russia and other nations have shown - means today the creation of new and strong forces directed against the latent proletarian revolution. National development is no longer progressive , and implies allingment with imperialist forces, it is today reactionary. A unified stronger capitalist China will not only increase capitalist difficulties, but will also increase the difficulties of the coming proletarian revolution. Though it is progressive insofar as it is destructive to world capitalism, it is at the same time also a hindrance to proletarian aspirations. The hindrance weighs more than the advantage, as the process of capitalist decline will, even without the help of the national liberation movement in China, continue at a fast pace. The national liberation of China can not made to comfort the proletarian struggle for power.

Never should workers forget that they are called upon today to defend the China of Chiang Kai Sheck the butcher of the workers of Shanghai in 1927. They also must constantly be reminded of the fact that the Chinese "Soviets" are nothing else but the advance guard of Russian imperialism in China . Their is no sense in fighting Japanese semi-fascism to support the full fledged fascism existing since 1927 in China. There is no sense in choosing the low wages of the japanese workers against the still lower of the chinese. The workers must rather realize that capitalism can no longer, not even in the previous miserable way, solve the needs of manking. The problem of Asia cannot be solved in Asia. To restrict oneself to one or the other policy connected with no more than one or the other specific problem in the Far East means service to one or the other capitalist cause. To stop the slaughter of imperialism in Asia presupposes the overthrow of western capitalism. There is no other way.But the great interest the labor organizations display in regard to China finds its proper parallel in their complete disinterestness in the furthering of the revolutionary forces in western capitalism. This alone shows that their sympathy for China, and their anti-japanese position is only a mask for their own alliance with their imperialist nations.

Against all nationalistic phraseology we stubbornly maintain the extremely narrow point of view which recognizes nothing but the class needs of the proletariat. We always have only one question: What about the workers? What will the workers of Japan gain by fighting for their imperialist bourgeoisie ? What will the workers of China get by fighting for the defense of "their" country ? The answer to these questions is death and misery.

II.

Whatever "independence" China still possesses, she owes to the past and present rivalries among the imperialist powers struggling for spheres of influence in Asia. In our previous article we said that because too many nations were interested in China,it was impossible for any particular one to gain exclusive domination there. Early Russian attempts to swallow parts of Manchuria and Northern China were ended by the Japanese.The latter acted not only in their own interest, but also in the interests of England and the United States.German interests in China were abolished in the course of the world war; France

and Italy maintained their concessions without gaining much additional strength; so that today the powers most directly involved in the Asiatic game are England, Japan, Russia, and America. England, having the biggest investments of all western powers in China and also the most flourishing trade, is most deeply concerned over any change inthe Asiatic scene. The strategical considerations of her empire play also an important part. Japan has the largest interests of all capitalist nations, and she influences China as no other nation does. America, contrary to common belief, has a relatively very small interest in China, and the part she plays in the Chinese game is so far a rather insignificant one. China's close connections with the important imperialist powers excludes, at the present stage of development, a Chinese policy exclusively shaped to serve national necessities. The "national liberation " of China is tightly bound to world politics and could - if at all - be facilitated only with the help of other nations, and in opposition to still others. Forced to cooperate with one or the other imperialist nation, or group of nations, China must consequently maintain an economy and policy in conformity with the wishes of the group from which she draws her support. She is unable to resist alone the invasion and domination of any of the large powers. She can only choose among the imperialist rivals, andplay the game of her favorite.

It is true that under certain conditions andin a favorable historical situation Russia was able to ward off imperialist invasion and to maintain her national unity, although she did lose her large western provinces. The general exhaustion after the war and the capitalists' conviction that sooner or later all socialist experiment in Russia would collapse, helped

the Bolsheviks -much to their own surprise- to maintain their government and to secure the line of development towards state capitalism. This development brought Russia back to the world scene as an independent imperialistic force. But neither the conditions in China, nor in the world permits such a solution for China. China has to fight for its existence without considerable change in its economic structure. It has to fight under conditions of general preparation for a new world war. Its struggle for "national liberation" must serve at the same time one or the other imperialist group. To support China's emancipation means to support those imperialist powers which "favor" such a 'liberation! As there are none - the struggle for China is simply a struggle for Imperialism.

Up to a recent date, England, like America once, was supporting Japan's endeavors in China. The danger for these countries lay in Russia's imperialism, and Japan was allowed to act as the english watch-dog to keep Russia away from China. Although the Bolsheviks denounced all imperialist ambitions, no one was deluded by the mere anouncement of good intentions, and certainly not England. Russian expansion needs could not for the time being be satisfied on the West. She would have to turn with necessity again towards the East. The continuation of the capitalist method of production meant the continuation of capitalist methods of expansion. "Soviet"-Mongolia, the Russian support of the Chinese revolution, as well as its frictions with this country (as for instance the strife in 1929 over the East-China Railway, etc.), were clear signe that Russia still recognized, now as before, that in order to maintain herself, expansion and increase of power and influence were necessary. True, she may explain this condition with her needs for defense, but such an explanation belongs to every capitalist nation. Japan also maintains that its aggressiveness is in reality only a defense measure. And no hypocracy nor cynicism is here involved, since under capitalist conditions one has to be aggresive to defend what one has. Unless each capitalist nation expands, it will go from stagnation to collapse. The laws of competition among individual capitalists, are repeated on a larger scale among the nations. Those who cannot expand in private industry will sooner or later be driven out of business. To hold what you have means to accumulate. A nation unable to increase its power and influence will sooner or later be under the control of another nation. It will have to share its profits with outsiders, or it will be completely subordinated or even swallowed up by its superiors.

The Russo-Japanese clashes which caused the war of 1905 continued after the Bolshevik revolution, though on a smaller scale, and were recorded as so-called "border-incident's". The growing strength of Russian capitalism aroused Japanese suspicions anew. To England also Russia once more appeared as the great challenger to her future rule in Asia. With a view to the Russian danger, England pampered Japanese imperialism. Even the conquest of Manchuria did not meet with real opposition from England. Instead, that country decided to help the development of Manchukuo with english investments.

Money sweats money; accumulation necessitates larger accumulation; expansion, once started has to continue, to safeguard results of the initial expansion move.

Japan is a land without necessary raw materials to maintain and secure the growth of a profitable industry. It has to import in order to live. It has to export in order to import. The more capitalism declines the control of raw materials becomes an ever greater advantage to those who have them, because the 'automatic' laws of the market are always ,but now increasingly, modified by specific national considerations. Monopoly capital made ridiculous the argument of the "have-nations", that raw materials are no reason for war and aggression, as they can be bought at any time; for they don't answer the question as to what conditions, and at what price, etc,, they may be bought. The possessions of raw materials is a means to extract profits from those who have none. It hampers the "have-not nations" to an ever greater extent. More then ever imperialism aims at the raw material bases'. Market control is bound to an ever larger degree to political territorial control.To profit by the Chinese markets, for instance, Japan must find favor with the Chinese government. The Chinese government must be practically a Japanese government. To exploit all profit potentialities,the government must not only be controlled; it must also be powerful enough to secure favorable business conditions. The Kapanese are not against a strong Chinese government; they are not against "order" in China; but they prfer disorder and provincial rule as the lesser evil in the face of a hostile national government and a hostile unified China. Where outright annexation is inconvenient the establishing of puppet states will bring the desired result. Advantage is taken of sectional interests, of national minorities, of all kinds of friction, to serve one end: additional profits for the Japanese ruling class.Japan's geographical situation - a sad one as regards raw materials is very favorable as regards her business in China. The maintenance and the increase of Japan's influence in China is today vital to her existence. To force Japan to abandon China, means to force her to suicide.(Despite national boundaries economy today is world economy.) The hope that Japan may restrict itself, and cease to establish herself further in China, can be uttered only from an ignorance of all the economic facts involved. As the capitalist development increases the necessity for additional profits, and at the same time,paradoxically,reduces such possibilities, (first,relative to the need and desire, later,absolutely), Japan's "stake" in China must grow,though it leads to increasing difficulties with other nations, as well as with China,as all nations are subject to the same laws of capitalist development.

England recognizes quite well the force of necessity behind Japan's activity.She has been willing, at the expense of Russian expansion needs, to grant Japan exceptional concessions in China. The U.S.A. was not alarmed either, till the closing of the "Open Door" in Manchuria.Since the imperialist hysteria of early American capitalism,shouting for the control of the Pacific, American capitalism has sobered up and found it more desirable to operate on the field of "pure" business. The "Open Door" would in due time give America the upper hand, it hoped, by way of her advanced technic and the cheapness of her production. The space advantage for Japan could be outdone with the efficiency and the richness of raw material resources in America. The stagnating European powers would sooner or later anyway be forced to recognize in America the new world financier, and optimism prevailed in regard to the potential " 400 Million" costumers. But reality was not consistent with these hopes. Chinese business proved to be too small; 400 Million paupers are no costumers. The surplus labor of the Chinese could not be extracted by way of commercial and industrial competition. It was scarcely enough for the provincil exploiters, controlling the sources of surplus value, and left little for the efficiency experts. Business was much better with Japan.Once for a mature capitalism, a developing capitalist nation means good business. That is - for a time. The Chinese raw materials,which, compared to its capitalization needs, were very scarce, and which were situated only in specific places, had also little attraction for the U.S.A.No country for the time being could therefore drive China much farther than the point it had reached.The danger existed only for the future. And it consisted in the possibility that Japan might take from China - as it did - precisely those sections containing the raw materials which Japan needed. Japan did not go into China with the desire to give it the wonders and blessings of a capitalist economy. It went their to make secure its own wonders and blessings. But by doing so it stands a good chance of becoming a first-rate power in the Pacific and a first-rate competitor to other capitalist nations, including America.But this danger is not an immediate one; it belongs to the future, which, however, is still gray. Yes, there are the Philippines, which can be endangered by Japanese advance,but the danger is not an immediate one. America's present stake in China is not large enough to warrant a war in its defense.

But the situation is different with England.If American policy in the Far East is inconsistent and unclear because of the unripe conditions, Englands

policy only seems to be unclear and inconsistent. Like Göthe's magician apprentice, it cannot get rid of the ghost it has conjured up. It begins to fear the Japanese imperialism which it has helped to nourish. It is not so much the Chinese problem proper that bothers England and brings about a change of its relations to Japan; it is the whole question of suppremacy in the Pacific. This question has been raised by Japanese imperialism and demands a new settlement. Great Britain is not so much disturbed by Japan's present push in the North of China as by the potential danger of a southward expansion of Japan's imperialism. British India, Ceylon, the Dutch Indies, Australia, New Zealand, Siam, and Malaya are Japan's larger imperialistic perspectives. For a long time already, and especially since it acquired Formosa, Japan has prepared for this southward push. There is in Japan open agitation for a shift of the course of imperialist advancement towards the Indian Ocean. Books are written there dealing "with Japan(s mission to open up the boundless storehouse of the South seas for the benefit of humanity". The menace of a southward expansion by Japan explains largely Englands general armament program and her feverish activity to increase her fleet. This situation gives Japan for a time a free hand in China, for time is necessary to England, A Japan continously engaged in China offers ample opportunities for England to prepare to meet the Japanese challenge. Even a Russian engagement now would not be unwelcome to England, although she herself would most probably continue to keep free from the present asiatic scramble. In this way she could weaken all her adversaries . England has to save herself and prepare for the decisive struggle for the maintenance of her supremacy as the first world power. To ally herself at present to either side, to Russia or Japan, would solve no problem for England, for both nations stand in opposition to British interests. The continuation of the silent partnership with Japan will continue for awhile, but it will be accompanied by preparations to kill the partner at the first opportunity. The "anti-japanese" propaganda in America is England-orientated and not to be taken seriously. It will exercise no effect on Japan, as it will not be followed by action. America will not start a war with Japan over China; it will not initiate the world war; it will be "dragged" into it as in the last war, and will hope to emerge out of it as the first world power. The English policy attempts at present to line up the different powers in such a way that nothing essential will happen in the world scene until England is ready for action. So far this policy -as dangerous as it is- has met with success. This policy contains also the secret for the bombastic activity of the so-called aggressor nations, which now feel sure that no one will

call their bluff.The policy of England is clear because it is double-faced.On the one hand England will ,for example,support Germany to keep Russia in check, but she will also support France against Germany, and again will do nothing to hinder Italian aggression as a treath against France.She will, together with America,encourage Chinese resistance, but she will not follow any suggestion of blocking Japanese progress. The possibility of a Russian-American alignment to crush Japan would also mean the End of England's world supremacy. This possibility is checked by pressure brought upon Russia. In order to gain time the English policy is one of every-day opportunism, and for some time peace will be maintained so that the world war may find England better prepared. Thus the position England takes in relation to Spain is repeated on a larger scale in her world policy.

But for the present Japan is bound to win. It is her day.China will have to accept some sort of unfavorable peace. But other days will come.

The workers should not be deluded by the present hesitancy of the decisive capitalist nations to enter the battlefield.Many more American gunboats may be sunck before the war will come; many more "insults" will be taken by England before she answers with steel ; many more countries will speed-up rearmament; many more "old Bolsheviks" will be killed; much more "planned economy" will be propagated; much more misery will stink to the heavens, more and more people will cry for a Hitler, Mussolini or Stalin to end madness with insanity. Masses will crave for action and will not act unless ordered. -But the coming world war is inevitable.The labor organizations of "significance" will continue to prepare for this war as well as their masters. All the "established" labor organizations even now become recruiting grounds for the imperialist armies.They vote and will continue to vote for more and more instruments to kill, for they have to swim with the stream in order to exist-. They will find all kinds of excuses: "For Democracy against Fascism" -Against Japanese Aggression for the Chinese People", etc., ,but all these slogans will have only one purpose -the preparation of the workers for the next world war.

The workers, however, should not fall victims to "the trend of the time".They should not listen to the "realists", who declare that certain concessions are necessary, that choosing between greater and lesser evils makes for concreteness.Shanghai is far away, and the workers will reach it only in the uniforms provided for them by their masters.But Exploitation is near. The end of the slaughter in Asia presupposes the end of capitalism in Europe and America.

"STALINISM AND BOLSHEVISM"

Not long ago, INTERNATIONAL PUBLISHERS issued Leon Trotsky's new pamphlet STALINISM AND BOLSHEVISM. Trotsky is worried that the end of the 'Russian Dream' might lead workers to abandon Bolshevism altogether. The "lower ideological level of the movement"(9)#) might lead workers to identify Stalinism with Bolshevism and reject both. He , however, wants to prove: 1)Bolshevism is not to be judged by Stalinism, which is a'degeneration' of Bolshevism. 2) Anyway,no one has demonstrated by word or deed that power can be seized without a party of Bolshevik character.

If we may not judge Bolshevism by Stalinism,let us judge Bolshewism by Bolshevism. As soon as the Bolsheviks were in power they found themselves in opposition to the soviets,still organizing the industries in their way,and thus compelling the "vanguard" to pass a series of decrees devitalizing the soviets, not only where they were backwards,but especially where they were advanced. The first of these decrees was directed against the expropriation of the factories by the soviets,for the Bolshviks were disposed to cooperate with the capitalist owners in the process of building --socialism. The Bolshevik expropriation of capital went only as far as the nationalization of key industries and banks. The later appearing nationalization of all industries was forced upon the Bolsheviks by the continuation of expropriation on the part of the workers. Becoming stronger, the party took all power from the soviets and transfered it to the trade unions,which, as a centralized body, they could more easily control. Later robbing the trade unions of all influence, the party concentrated power into the State. Not under Stalin, but under Lenin and Trotsky, did a group of delegates representing more than 25 important industries issue on March,20,1918,the following protest in Novaia Zhizn,# 46.: "The workers have supported the new government which calls itself the government of the workers and peasants, and promised to do our will,and work for our welfare.All our organizations stood back of it, and our sons and brothers shed their blood for it.We bear patiently both want and famine...Four months have passed and we find ourselves without faith

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#) All numbers refer to pages in Trotsky's pamphlet. The price of the pamphlet is 10 cents,and may be obtained from the Publishers,located at 100 Fifth Avenue, New York City.

and without hope.The government which calls itself a Soviet of Workers and Peasants has done everything to oppose the will of the workers.It has blocked every attempt to hold elections to new soviets.It has threatened to use machine -guns against workers, and it has broken up meetings and demonstrations....".

But let us continue to judge Bolshevism by Bolshevism. In the face of such facts as the incident mentioned above, Trotsky declares that bureaucracy triumphed because the masses "became tired of internal privations and of waiting too long for the world revolution."(17)But an "Old Bolshevik" expressing himself in 1921 stated that "The danger exists that Russia may be cut out as the motive power of the International revolution...There are Communists in Russia who are grown tired of waiting for the European Revolution and wish to make the best of their national isolation ." This is Varga speaking in ECONOMIC PROBLEMS OF THE PROLETARIAN DICTATORSHIP, and speaking without contradiction by his heads, Lenin and Trotsky. Thus, instead of Trotsky's "weary masses", we have weary leaders who are quite willing to adjust themselves to perpetuating the bureaucratic dictatorship over the masses. The fact is that the Bolsheviks were compelled to take over large layers of the old bureaucratic apparatus of Tsarism until they could develop their own state-capitalist one, and that in the transition,Lenin was continually checking and opposing the one in the interest of the other. That is the content of Lenin's "opposition" to bureaucracy.These were the days when Trotsky, as military commander, was advocating a militarization of the entire population in the manner of Göhring. (See:Dictorship versus Democracy, by LeTrotsky, 1922.)

But let us continue to judge Bolshevism by Bolshevism. Of the slaughter at Kronstadt Trotsky has only a few words. "The revolutionary government naturally could not 'present' to the insurrectionary sailors the fortress which protected the capital only because the reactionary peasant-soldier rebellion was joined by a few doubtful anarchists." (23)But Trotsky forgets to mention that not only the large peasant masses, but the workers of Petrograd also were in a state of rebellion; that the atmosphere was charged with protest against the new state's dictatorship over the workers and peasants. Trotsky says, " A concrete historical analysis of the events leaves not the slightest room for the legends, built up on ignorance and sentimentality,concerning Kronstadt, Makhno, and other epidodes of the Revolution." (23)But Trotsky doesn't go

into such an analysis, beyond making that empty statement.He doesn't even take up the incident of Kronstadt. Let us recall it briefly to him.

The Kronstadt Revolutionary Committee consisted of nine sailors, four workers, one school director, and one doctor.As soon as they were attacked by the armies of Tuchatschewski,under orders from Trotsky,they telegraphed this message to the workers of the world :

> "The first shot has been fired. The world must know; wading to his hips in blood, Field-Marshal Trotsky opened fire on revolutionary Kronstadt, which opposes the communist government in order to restore real soviet power. We will either win, or die under the ruins of Kronstadt in the struggle for the cause of the workers. Long live the Soviets! Long live the World Revolution!"

Against this workers Trotsky instructed Tuchatschewsky to "spare no ammunition; to shoot down the sailors of Kronstadt like pheasants". And Tuchatschewsky did as he was instructed ,bombing from the air and killing combatants and non-combatants alike When Tuchaschewsky ,returning from the butchery, reported to Trotsky that this slaughter exceeded anything he had ever beheld, Trotsky replied,"Yes, it is not so simple, but then Kronstadt belongs already to history " The Kronstadt massacre was symptomatic of a general struggle between the soviets and the party for power.Yet, in the face of the above-mentioned facts, Trotsky still distinguishes the bruatality of Bolshevism from that of Stalinism in the same cynical manner that Stalin distingishes his brutality from that of the other totalitarian leaders: - all this is done in the "interest of the masses."

We are unable to see any basic difference between Bolshevism and Stalinism.Both are opposed to the interests of the workers, both serve one end:- the organized development of a backward country into a highly industrialized capitalism for the purpose of meeting world competition. In such a process, workers, regardless of who is in power, must suffer the misery and exploitation that inevitably follow.

Also, far from judging Bolshevism by Stalinism, revolutionists recognized the evils of Bolshevism long before Stalinism was known. Though Trotsky warns against deducing Stalinism from a "few political sins" of Bolshevism; he will find in Rosa Luxemburg's pamphlet, MARXISM AND LENINISM, a criticism of Bolshevism that go far beyond a "few political sins";a criticism that is just as valid against Stalinism today.And as far Gorter and Pannekoek in Holland,and

"certain German Spartakists",and the Bordigists in Italy (not to mention the opposition movement in France, the shop-steward movement in England, and the whole Communist Labor Party in Germany), they could not possibly deduce Stalinism from Bolshevism because then Stalinism was not known. And Trotsky will perhaps remember the discussions in Moscow of the second and third Congress of the International,in which the whole criticism against Bolshevism was stated.

"No one has shown in practice or demonstrated articulately on paper how the proletariat can seize power without the political leadership of a party that knows what it wants", says Trotsky.(28) But no one has shown practically or theoretically that with a party and leadership the proletariat can seize power for themselves All that Bolshevism has proved is that Bolshevik methods have not caused a proletarian revolution.The workers still have to make their revolution.They still have to convince Trostky of their strength and their aggressiveness.When they do so,they will convince all professional revolutionists.

"One cannot achieve the liquidation of the state simply by ignoring it", says Trotsky (19). We reply, no, not by ignoring it --but by liquidating it; by building up the power of the soviets.Bolshevism was so afraid that it would ignore the state that it built up an entire bureaucracy to combat it.Even Stalin employs this method of not ignoring the state.And Stalin, with precisely the same authority as Trotsky, could claim that his method of not ignoring the state will lead "ultimately" to its abolition.But until that ultimate period,the workers, subject to the same oppression as the workers of all other countries,will continue to rebel - even as they did under Trotsky in 1921. They apparently are unable to distinguish between Trotsky's oppression and Stalin's oppression,between Trotsky's ultimate intentions and Stalins.

And Trotsky himself, when he leaves the fog of his political abstractions and looks for factual differences, can't find any. He writes, "Even if the Stalinist bureaucracy should succeed in destroying the economic foundation of the new society, the experience of planned economy under the leadership of the Bolshevik Party will have entered history for all time as one of the greatest teachings of mankind."(27) He forgets that these experiences in planned economy, which so far has been planned exploitation and misery, took place under Stalins era, and is the concrete content of that phase of Bolshevism which Trotsky calls Stalinism.

Is this Bolshevism, Stalinism, or Hitlerism ?

In his book "Dictatorship vs, Democracy" (Terrorism and Communism), written in 1920, published in America two years later, Leon Trotsky writes the following:

" ..the principle of compulsory labor service has just so radically and permanently replaced the principle of free hiring as the socialization of the means of production has replaced capitalist property ." (137)

The Militarization of Labor

"The foundations of the militarization of labor are those forms of State compulsion without which the replacement of capitalist economy by the Socialist will for ever remain an empty sound. (p.141) ". We can have no way to Socialism except by tre authcriative regulation of the economic forces and resources of the country, and the centralized distribution of labor power in harmony with the general State plan. The Labor State considers itself empowered to send every worker to the place where his work is necessary. And not one serious Socialist will begin to deney to the Labor State the right to lay its hand upon the worker who refuses to execute his labor duty." (143) "the young Socialist State requires trade unions, not for a struggle for better conditions of labor- that is the task of the social and State organizations as a whole -but to organize the working class for the needs of production, to educate, discipline...-in a word, hand in hand with the State exercise their authority in order to lead the workers into the framework of a single economic plan. (p.143) "...We still retain, and for a long time will retain, the system of wages. The further we go, the more will its importance become simply to guarantee to all members of society all the necessaries of life; and thereby it will cease to be a system of wages. But at present we are not sufficiently rich for this. Our main problem is to raise the quantity of products turned out, and to this problem all the remainder must be subordinated. In the present difficult period the system of wages is for us, first and foremost, not a method for guaranteeing the personal existence of any separate worker, but a method of estimating what that individual worker brings by his labor to the Labor Republic. Consequently, wages , in the form of money and of goods, must be brought into the closest possible touch with the productivity of individual labor. ..Under Socialist production, piece-work , bonuses, etc., have as their problem to increase the volume of social product, and consequently to raise the general well-being. Those workers who do more for the general interest than others receive the right to a greater quantity of the social product than the lazy, the careless, and the disorganizers." p.149).

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